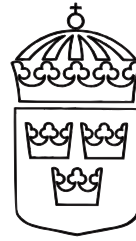


# Government Communication

## 2009/10:114



### Strategic Export Controls in 2009 – Military Equipment and Dual-Use Products

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Skr.  
2009/10:114

The Government hereby presents this Communication to the Riksdag.

Stockholm, 11 March 2010

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### 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 2009. The Communication also contains a presentation of actual exports of military equipment in 2009. Furthermore, it describes the co-operation in the EU – under Swedish leadership during the second half of 2009 – and other international fora on matters relating to strategic export controls on both military equipment and dual-use products.

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# 1 The Government Communication on Strategic Export Controls

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This is the twenty-fifth year that the Government is reporting on Sweden's export control policy in a Communication to Parliament (the Riksdag). The first Communication was presented in 1985. Sweden was at that time 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.

Over the years, a great deal has happened vis-à-vis the contents and design of the Communication. Previously, the Communication was a 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. Today, the Communication is a rather detailed report on Swedish export control policy as a whole. More statistics are available today thanks to an increasingly transparent policy and more effective information processing systems. The Government seeks ever-greater openness in the area of export controls. At the request of the Government, the Swedish Agency for Non-Proliferation and Export Controls (ISP) and the Swedish Radiation Safety Authority (SSM) have contributed broader material for the Communication.

The Communication consists of three principal parts and a set of annexes. The first principal part contains an introduction and summary of the year's activities (sections 1–3). The second deals with the implementation of export controls in Sweden (sections 4–8). The third part reports on international co-operation (sections 9–21). This includes information on work in the area of export controls during the Swedish presidency of the EU. *Annexes 1-6* include statistics on Sweden's exports of military equipment and dual-use products, the relevant Swedish and European regulatory frameworks and a list of international arms embargoes. The ISP gives its view on important trends in Swedish and international export controls in Annex 2.

## 2 Exports of military equipment and dual-use products in 2009

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 individual states when it comes to meeting their international obligations with respect to non-proliferation.

Although the regulations regarding dual-use products are now guided entirely by community law, export controls are exercised on a national basis. Sweden is under an obligation to make sure that its export controls are responsible and reliable. Efforts to effectively prevent proliferation must be pursued at different levels and in different international fora. Sweden is active both in the multilateral export control regimes and at the EU level to further strengthen export controls as an instrument for non-proliferation and against uncontrolled flows of conventional weapons. This pervaded our efforts during the Swedish presidency of the EU.

Since 1994, common European legislation has applied to exports of dual-use products in all EU member states.

Regarding military equipment, an important advance was achieved at the end of 2008 with the adoption of the European Union Code of Conduct on Arms Exports as a Common Position (Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment. OJ L 235, 13.13.2008, p. 99). The Common Position provides member states with the conditions for a more convergent application of their national legislation in this area. Member states can have their own, stricter guidelines.

In 2009, the EU also adopted a directive serving to harmonise regulations on the transfer of defence-related materials between member states, the "ICT directive" (Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community, OJ L 146, 10.6.2009, pp. 1–36).

## **Military equipment**

Controls on exports of military equipment are necessary to ensure that the products exported from Sweden go to acceptable end-users. Exports of military equipment are only permitted if they are justified for security or defence reasons and do not conflict with Sweden's foreign policy. Applications shall be considered in accordance with the Swedish guidelines for arms exports and the criteria within the EU Common Position on arms exports.

Details of Sweden's exports of military equipment are thus presented in the annexes. Figures for recent years are also included. Individual sales and deliveries of large systems can cause considerable fluctuations in the annual statistics. The information in the Communication is based on data that companies exporting military equipment are required by law to report annually and that have been compiled by the ISP. In this communication, the concepts of defence equipment and military equipment are considered synonymous.

In all, 58 countries received deliveries of Swedish military equipment in 2009, two less than in 2008. Of these 58 countries, six took delivery of hunting and sport-shooting ammunition alone.

The regional distribution of exports for 2009 shows the normal pattern whereby the largest part of Swedish exports of military equipment goes

to EU member states, other European countries and well-established partner countries. In 2009, 53 per cent of total exports went to the EU, Switzerland and Norway.

The value of actual export deliveries of military equipment in 2009 was SEK 13.5 billion, an increase of 7 per cent at current prices compared with the previous year. The largest single destination country for Swedish military equipment in 2009 was the Netherlands (SEK 2.5 billion) followed by South Africa (SEK 1.7 billion), Pakistan (SEK 1.4 billion), Finland (SEK 1.0 billion) and the United Kingdom (SEK 900 million). The exports to the Netherlands consisted largely of Combat Vehicle 90 and tracked vehicles. Regarding South Africa, exports in 2009 continued to consist mainly of delivery of JAS 39 Gripen aircraft. With regard to Pakistan, the Swedish Agency for Non-Proliferation and Export Controls (ISP) decided at the end of 2007 not to grant any licences for new export transactions. Exports to that country in 2009 consisted of deliveries within previously established contracts (airborne reconnaissance radar) and follow-on deliveries for systems supplied earlier.

The group of "largest recipient countries" varies from year to year. This can also be explained by the fact that large single orders or deliveries can have a very sharp impact on statistics.

The value of the exports for which licences were granted in 2009 was SEK 11.1 billion, representing a certain increase (approximately 16 per cent compared with 2008). The value of the export licences granted can vary greatly from year to year.

For further details and comments, see Annexes 1 and 2.

## **Dual-use products**

Export controls of dual-use products aim to prevent the proliferation of products that are manufactured for civilian use but that could be misused to produce weapons of mass destruction and military equipment. Clear regulations and effective export controls are decisive in preventing exports of this kind. In recent years, the fight against terrorism has sharpened the focus on export controls.

Co-operation on export controls of dual-use products takes place mainly through a number of international bodies - multilateral export control regimes. Within these, there is a regular discussion regarding which products and technologies should be controlled and which states may be sensitive from the point of view of non-proliferation. The threat of terrorism and the increasing globalisation of the world economy have demonstrated the need for deeper co-operation on export controls across national boundaries. Work in the multilateral export control regimes - the Australia Group (biological and chemical weapons), the Missile Technology Control Regime, the Nuclear Suppliers Group, the Wassenaar Arrangement (conventional weapons) and the Zangger Committee (nuclear equipment) - continued in 2009. A number of EU member states still lack membership in some of the export control regimes. The EU has continued to prioritise the membership issue, not least during the Swedish presidency.

In 2006, against the background of an identified need for improvement, and the commitments imposed by resolution 1540 (2004) of the UN Security Council, the Commission prepared a proposal for amendments to the EC regulation concerning dual-use products. In May 2009, the EU member states reached agreement on the proposal and the Council adopted a new EU regulation, Council Regulation (EC) 428/2009 on the establishment of a community regime for the control of exports, transfers, brokering and trans-shipments of dual-use products (adaptation), OJ L 134, 29.5.2009, p. 1. The EU regulation came into effect on 27 August. The main innovation is that this regulation also regulates trans-shipments and brokering. During the year, EU negotiations commenced regarding a Commission proposal on increased general export licenses.

### 3 Information activities

Information activities relating to the trade in military equipment and dual-use products are undertaken at both national and international level. This Communication represents one part of efforts to achieve greater transparency in this area. It is published in Swedish and English and is available on websites including [www.regeringen.se](http://www.regeringen.se) and [www.isp.se](http://www.isp.se).

Within the EU, an annual report is also compiled on member states' exports of military equipment and their control which is an important instrument of transparency at the European level. Sweden acts for this report, which is published in the Official Journal of the European Union (OJEC), to be continuously improved and expanded. The latest report was published in OJ C 265, 6.11.2009, p. 1.

To promote information access in this area at the international level, the Government helps fund the statistics and information activities of the Stockholm International Peace Research Institute (SIPRI). Among other things, SIPRI has built up a database containing information on national and international export control regimes and export statistics. The database is available on the Internet at [www.sipri.org](http://www.sipri.org).

The ISP and the SSM work nationally to disseminate information about export controls to companies and the general public. These authorities also make available up-to-date regulatory frameworks and lists of both military equipment and dual-use products on their websites [www.isp.se](http://www.isp.se) and [www.ssm.se](http://www.ssm.se). In order to increase transparency in connection with exports of military equipment, the ISP now reports monthly on export licences granted for military equipment. In 2009 the ISP continued to arrange seminars and information meetings primarily targeting industry representatives.

## 4 Swedish exports, export controls and export promotion

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According to the Military Equipment Act (1992:1300), export controls cover the manufacture, supply brokering and export of military equipment as well as certain agreements on rights to manufacture military equipment etc. Under the 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 constitute military equipment according to regulations issued by the Government.

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. This 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. In 2009, efforts commenced to adapt the Swedish regulations to the new EU regulation (Council Regulation (EC) 482/2009).

### 4.1 Export controls of military equipment

For defence, security and foreign policy reasons, Sweden has decided to permit exports of military equipment to a certain extent. A country that exports arms is also responsible for making sure that they do not fall into the wrong hands. To prevent this, it is necessary to first define the circumstances under which Sweden considers that arms must not be exported to a certain recipient and, secondly, an implementation system must be developed to make sure that the rules can be met in practice.

The Swedish regulatory framework consists 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 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 co-operation in this area.

The world has changed drastically since the end of the cold war, and the opportunities for transparency and co-operation between countries have improved considerably. 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 the ISP makes its assessment of licence applications. The Code of Conduct was revised in 2004 and 2005 to further reinforce it as an instrument for export controls. The Code of Conduct was adopted as a Common Position at the end of 2008. During 2009, agreement was reached in the EU and a decision made on a directive on the simplification and



harmonisation of licensing for transfers of military equipment within the European Community (the ICT directive). Skr. 2009/10:114

The dynamic trend in EU cooperation has affected the conditions for the follow-up of the report of the Military Equipment Enquiry (KRUT, SOU 2005:9). In this context, the process initiated within the UN framework, seeking an international Arms Trading Treaty (ATT), will also have to be considered. Consequently, these EU and UN processes will have to be assessed and analysed jointly and together with the KRUT report. The Common Position and national implementation of the ICT directive and a possible future international Arms Trading Treaty will affect the future development of certain proposals in the KRUT report.

### **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.

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. 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 co-operation with like-minded states and neighbours.

It lies in Sweden's security interests that we should maintain long-term and continuous co-operation with our traditional partner nations. This mutual co-operation, including collaboration projects, is based on both exports and imports of military equipment.

Foreign and security policy interests include Sweden's ability to contribute to international peace and security by effective participation in international peace-promoting activities, in which a general similarity between our systems and those of our foremost partners enhances operational efficiency.

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. Only through the continued development of an internationally competitive level of technology will Sweden remain an attractive international co-operation partner, which is in our national interests.

In accordance with the principles for the Swedish Armed Forces' procurement of equipment set out by the Government in its bill A

functional defence (Gov. Bill 2008/09:140), the maintenance and upgrading of existing equipment is to be chosen above new procurement if economically justifiable and if operational requirements can be met. Where new procurement is necessary, this shall primarily involve fully developed and tested equipment already available in the market. Development efforts should only be undertaken where needs cannot be met using existing equipment or equipment available in the market.

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

Sweden participates in various cooperative projects conducted by the European Defence Agency (EDA). Sweden has primarily acted to influence the EDA's measures to establish preconditions through, for example, the preparation of research and technical development collaboration and a strategy for international equipment co-operation, as well as the implementation of the European defence industry strategy.

By participating in the Six-Nation Initiative between the six largest industrial countries in Europe (Framework Agreement/Letter of Intent, FA/LoI), Sweden can 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.

Co-operation on multilateral frameworks generates returns in terms of resource utilisation in a European perspective and in improving and further enhancing European and trans-Atlantic capacity for coordination. In this context, the EDA and the NATO/PfP co-operation are fundamental alongside the FA/LoI and Nordic co-operation.

### **Previous decisions taken by the Government and the Riksdag**

The Government's bill The new defence (Gov. Bill 1999/2000:30) 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.

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 exports of successful major military equipment projects, such as the JAS 39 Gripen aircraft.

The decision on the direction of defence policy for 2005-2007 authorised the Government, for the purpose of supporting exports or promoting security, to transfer or make available equipment not needed for the operational capacity of the Swedish Armed Forces or that can otherwise be spared for a limited time (Gov. Bill 2004/05:05, Report 2004/05:FöU5, Gov. Comm. 2004/05:143).

In its bill A functional defence (Gov. Bill 2008/09:140), the Government makes the assessment that export promotion activities should continue to be used as means of promoting a cost-effective supply

of equipment. A basic condition for government exports is that these be approved by the ISP. Skr. 2009/10:114

### **Export promotion**

In its bill A functional defence (Gov. Bill 2008/09:140), the Government argued that the military defence forces need modern defence equipment that is cost efficient in a lifecycle perspective. One means by which to achieve this is through the continued promotion of defence products and military technology for civilian applications.

In the event that the Government has made or will make decisions regarding the development of defence equipment, export promotion should be implemented. A basic condition for government export promotion is, as was mentioned above, that the export is approved by the ISP. Export opportunities can also be considered and highlighted in various international fora, such as within the framework of the European Defence Agency (EDA), as well as within the Framework Agreement/Letter of Intent (FA/LoI) and in connection with other international collaboration efforts where this is judged resource efficient from a lifecycle perspective.

As the Government also argued in Government Bill 2008/09:140, increased exports can be considered necessary from an industrial perspective, if companies are to be able to maintain and develop technology and expertise. To date, exports of defence equipment or services which have not also been ordered by Swedish authorities have been uncommon. However, the situation has changed with the trend towards greater foreign ownership of defence industry operations in Sweden. The industry may seek to develop and produce equipment not expected to be used by the Swedish Armed Forces. The Government takes a positive view of this trend.

In 2010 a special export promotion authority is to be set up for the area of defence equipment.

## **4.2 Dual-use products**

### **Non-proliferation policy and export controls**

The multilateral agreements on disarmament and non-proliferation of weapons of mass destruction 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, as mentioned previously, 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.

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 co-operation arrangements for the purpose of controlling the proliferation of these products. Within the multilateral the export control regimes, control lists have been developed establishing which products shall be subject to licensing. A basic reason for such controls being necessary is 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. 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, e.g., weapons of mass destruction. Often the same purchase request was sent to companies in different countries. Previously, one country could refuse an export licence while another granted one. Consequently, there was an obvious need for closer co-operation and information-sharing between exporting countries. This need resulted in the establishment of the export control regimes. The need for more rigorous control has been underscored in recent years by the threat of terrorism.

The inclusion of a product in a control list does not automatically mean that exports of that product are prohibited. Rather, such listing indicates that the product is sensitive. In the EU, the control lists adopted by the various regimes are incorporated into the Annex to Council Regulation (EC) No. 428/2009 and constitute a basis for decisions for granting or denial of export licences.

Consequently, exports of dual-use products are regulated by Council Regulation (EC) No. 428/2009. As mentioned previously, the Regulation now covers brokering services and trans-shipments of dual-use products. These changes form part of efforts to fulfil UN Security Council Resolution 1540 on measures to prevent the proliferation of nuclear, chemical and biological weapons and associated delivery systems.

The multilateral export control regimes, like the EU Regulation, also use 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 in connection with the development of weapons of mass destruction or for military purposes. This is known as a *catch-all* mechanism.

Much of the work within the EU and the regimes consists of internal and external outreach activities directed at domestic industry and at other countries on the need for export controls and developing export control systems.

### **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.

Many defence industry companies are members of the Swedish Security and Defence Industry Association (SOFF). SOFF currently comprises 45 member companies, of which 11 are major companies and 34 small and medium-sized companies. Other small and medium-sized companies in the defence industry are members of the association SME-D. For companies active in Sweden offering products, services and systems in the area of civil security, there is the SACS trade association (Swedish Association of Civil Security).

Over the past 15-20 years, the defence industry has undergone extensive restructuring in parallel with the Swedish Armed Forces' development from invasion defence to operational defence. For the defence industry, this development has entailed a considerable reduction in the Swedish market.

For the Government, it has been important to maintain the competence and capacity of the industry, which has resulted in sizeable international activities and considerable exports of goods and services. The Swedish security and defence industry has acquired a favourable reputation as a world-leading product supplier - even to countries with established industries of their own.

Among the companies, Saab holds a dominant position, with close to 50 per cent of the companies' total turnover. A major change was the merger between Saab and Celsius whereby aircraft, missile and avionic manufacture were concentrated at Saab, while artillery activities, including intelligent ammunition, were transferred to BAE Systems Bofors. The acquisition of Ericsson Microwave Systems 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.

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, 3M Svenska AB (formerly Peltor AB), with activities relating to hearing protection (now a

hi-tech field) and Logica Sweden, specialist in system designs and IT solutions.

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

## **Sectors**

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

- Public security systems,
- Telecommunications systems, including electronic countermeasures,
- 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,
- Intelligent artillery ammunition,
- Gunpowder and other pyrotechnical material,
- Services and consultancy operations,
- Support systems for operation and maintenance.

It may be worth noting that of the total sales of goods and services by the defence industry (SOFF members), 40 per cent consist of military equipment and 60 per cent of civilian/commercial goods and services. Of exports, 50 per cent consist of military equipment.

## **Ownership structure**

The ownership structure of the Swedish defence industry has changed in parallel with the rationalisation and consolidation of the defence industry. Today, all of the companies are privately owned.

International ownership has increased over the years. According to SOFF, this has been perceived favourably by the companies, since expertise and development remain Swedish while new opportunities have been gained in the international market and through co-operation with the new owners. Among the larger companies, BAE Systems plc, through its US company BAE Systems Inc, owns companies in Örnsköldsvik, Karlskoga, Stockholm and Linköping, which are organised within BAE Systems' Global Combat Systems business area. BAE Systems plc also owns 20 per cent 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 3M Svenska AB (formerly Peltor AB) is part of Aero, which is owned by American 3M. Volvo Aero, ÅF, PartnerTech and EuroMaint are today the only large companies wholly owned by Swedish industrial interests. Among the 34 SME companies, private Swedish owners dominate.

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### **International operations, etc.**

A trend of internationalisation 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 co-operation programmes in order to be able to share costs and ensure interoperability.

Consequently, a well-balanced import and export of defence equipment is a means for the 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.

Export successes also contribute to the domestic defence industry being perceived as an attractive partner in international co-operation. 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 security of supply.

## **6 Swedish exports of dual-use products**

It is difficult to provide an overall picture of industries that work with dual-use products in Sweden, since a considerable share of products are sold in the EU market or exported to markets covered by the general licence EU 001. The principal rule is that no licence is required for transfer to another EU member state. The general licence applies with some exceptions to all products in Annex I of the Council Regulation (EC) No. 428/2009 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 produce or otherwise work with dual-use products. Nor are these companies obliged to make a declaration of delivery. However, a company is obliged to

make a fee declaration if it has manufactured controlled products, subject to supervision by the ISP. This includes sales within and outside Sweden.

In the event that a company is aware that a dual-use product, not listed in Annex I of the EU regulation, is intended to be used in connection with weapons of mass destruction, it is required to inform the ISP thereof. The ISP then conducts an assessment of whether a licence shall be required for the export (catch-all).

The predominant part of the dual-use products exported with a licence from the 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. These are controlled within the Australia Group. Other products such as isostatic presses, chemicals or 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 the product is not subject to any relevant international sanction and there is no doubt that it is wholly intended for a civilian end use and not for weapons of mass destruction. When the end use is military, the criteria in the EU's Common Position on Arms Exports are applied.

## 7 The Swedish Agency for Non-Proliferation and Export Controls

### **Background**

In connection with the establishment of the Swedish Agency for Non-Proliferation and Export Controls (ISP) in 1996, the agency took over responsibility for the major part of the matters previously decided upon by the Government or by the minister responsible for reporting such matters, following preparation 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.

The ISP is 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, in the latter instance, another authority has this task. The Swedish Radiation Safety Authority (SSM) is responsible for corresponding issues relating to particularly sensitive nuclear products. The Swedish Defence Research Agency (FOI) and the Swedish Defence Radio Centre (FRA) assist the ISP with specialist technical expertise and the Military intelligence and security service (Must), the Swedish Security Service (Säpo) and the Swedish Defence Radio Centre, inter alia, assist the ISP with information.

In addition, the ISP is the competent national authority responsible for performing the tasks provided for in the Act (1994:118) concerning inspections in accordance with the United Nations Convention on the



### **Contacts with companies**

The ISP maintains regular contacts with the companies whose exports are subject to control. The companies' obligations are governed by the Military Equipment Act and the Military Equipment Ordinance (1992:1303). With regard to military equipment, companies shall report regularly to the ISP on their marketing activities abroad. 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 co-operation 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 34 inspection visits in 2009 at companies to monitor their internal export control organisation - somewhat more than in the preceding year. This activity takes place in close co-operation with the Board of Customs and, in certain cases, with the Police.

There is also close co-operation 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 Agency 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 Council Regulation (EC) No. 428/2009 on dual-use items state which product categories are subject to licence for export outside the EU. No licence is required to purchase or manufacture dual-use products, or to sell them within Sweden or – usually – within the EU. The disclosure requirement introduced in connection with the initial application of the EU's general licence (EU 001) implies improved opportunities to follow up companies under the ISP's supervision.

Within the framework of its outreach activity, in 2009, the ISP conducted a general seminar on export controls, a seminar in collaboration with other authorities on international sanction issues, focusing in particular on Iran. Over the year, the ISP also participated in the Swedish universities' security conference to increase awareness on non-proliferation issues.

### **Financing**

For 2009, new rules applied regarding the financing of the ISP. The rules were decided by the Riksdag in 2008 and are detailed in the

Government's Ordinance (2008:889) on the financing of the operations of the Swedish Inspectorate of Strategic Products (ISP). The rules broaden the group of companies required to pay fees and divides the fees between three fee categories relating to military and dual-use products and the Act concerning Inspections in accordance with the United Nations Convention on the Prohibition of Chemical Weapons. Parts of the ISP's international operations and all work related to international sanctions are financed through government grants. International outreach activities may be financed as service exports.

### **Export licence applications**

The number of export licence applications received by the ISP is shown in the table below.

	Military equipment	Dual-use products
2009	1,152	703
2008	1,132	491
2007	1,070	481
2006	1,024	305
2005	1,141	371

For previous years, the above table includes international sanctions. Effective from 2008, the ISP reports these sanctions separately (see below).

The number of export licence applications received shows an increasing tendency. In particular, the number of dual-use product applications has risen notably over the past two years and in 2009 the increase was 40 per cent compared with 2008. This increase has taken place primarily within the framework of the Wassenaar Arrangement and the Australia Group.

During the latter part of 2007, the ISP implemented new procedures regarding the authority's licensing process. This came into full operational effect in 2008. Despite the increasing number of export licence applications, it has been possible to shorten processing times considerably. In 2009, 86 per cent of military equipment applications were processed within two weeks (the ISP's target was 90 per cent within two weeks). Among dual-use applications, 73 per cent were processed within two weeks (the ISP's target was 75 per cent within two weeks).

### **International sanctions**

In July 2007, the Government extended the ISP's licensing authority to include making decisions regarding international sanctions and releasing frozen financial assets (Council Regulation (EC) no. 423/2007 concerning restrictions against Iran). During 2009, the ISP continued its efforts to enhance efficiency and assure quality in licensing assessment procedures. In addition, co-operation was further strengthened with the

new customer category, banks, and with other relevant authorities, including the Swedish Financial Supervisory Authority, the Swedish Security Service, the Swedish Customs and the Financial Intelligence Unit of the Swedish National Criminal Police. As in 2008, all cases addressed in 2009 dealt with Iran. The number of cases received by the ISP is shown in the table below. Data for 2007 pertain only to the latter six months of that year. The number of export and advance ruling cases received in 2009 was almost double the number received in 2008.

Sanctions cases	Exports	Release of assets	of Advance rulings
2009	83	14	141
2008	39	39	76
2007	24	59	-

### **The Export Control Council (ECC)**

In 1984, the Riksdag passed a Bill (1984/85:82) 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 Government reorganised the Board as the Export Control Council (ECC) in 1996 in connection with the establishment of the ISP. The rules on the composition and activities of the Council are included in the directives for the ISP. All parliamentary parties are represented in the ECC. Its chairman is the director-general of the ISP. An up-to-date list of the members of the Council is shown below.

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

At meetings of the Export Control Council, the Ministry for Foreign Affairs presents assessments of the relevant purchasing countries and the Ministry of Defence contributes assessments of the defence policy aspects. The Director-General can also request other experts to attend. One task of the Council is to interpret the guidelines in order to provide further guidance to 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 advance rulings not previously reported in the Export Control Council and applications decided in accordance with guideline practice (tender notifications and co-operation agreements). From 2005, the ISP has also reported all cases of importance concerning dual-use products in the Export Control Council.

On the whole, this procedure ensures parliamentary insight into the application of the Military Equipment Act and the Act on Dual-Use Products and Technical Assistance.

The purpose of the Swedish system, which is unique in international comparison in that representatives of the political parties 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 commercially if their plans were made known before they had concluded a deal, the discussions with the Export Control Council are not public. Moreover, the assessments of individual countries are normally subject to confidentiality.

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. Seven meetings of the Export Control Council were held in 2009.

On 1 February 2007, the Government decided to appoint the following persons to the Export Control Council. These appointments apply until further notice, although until 31 December 2010 at the latest:

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

### **The Technical and Scientific Council (TVR)**

In connection with matters concerning the classification of military equipment and dual-use products, the ISP is assisted by a Technical and Scientific Council. This consists of representatives of several institutions with expertise in technological applications for both civilian and military uses. Two meetings were held in 2009. An up-to-date list of the members of the Council will be found on the ISP's website.

According to the ISP's directives, the agency itself 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. In 2009, the ISP decided to extend the appointments of three members and appointed four new members.

## 8 The Swedish nuclear industry and the Swedish Radiation Safety Authority

### **The Swedish nuclear industry**

The Swedish nuclear industry operates in an open, international and commercial market. Today, it comprises both private and state-owned companies that operate nationally and internationally.

There are currently 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 and certain reactor components and carries out service work at nuclear power plants. Its customers are both in Sweden and abroad. The Swedish company is a subsidiary of the US Westinghouse Electric Company, LLC. The principal owner is the Japanese Toshiba Corporation. Co-operation with Japan was strengthened in 2009 when Westinghouse acquired the Japanese fuel producer Nuclear Fuel Inc. 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. 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. Several other Swedish companies conduct service work, analyses, studies, etc. for the nuclear power industry.

### **Export controls**

Nuclear material (uranium and plutonium) and nuclear technology products are classed as dual-use products. Exports of these products are regulated in the Council Regulation (EC) No. 428/2009. Exports to countries outside the EU require licences. The regulation also deals with transfers within the EU of particularly sensitive materials, including nuclear materials and particularly sensitive nuclear technology products. Consequently, licences are also required for transfers of these particularly sensitive products between countries within the EU. These are listed in Annex IV of the EU Regulation's control list.

Particularly sensitive nuclear material refers to uranium enriched to more than 20 per cent and separated plutonium. Other nuclear material (including ordinary reactor fuel) may be transferred within the EU without an export licence. This is justified by the fact that it has become

apparent that controls of less sensitive nuclear materials were hampering trade within the EU without improving the level of protection already conferred by the Treaty establishing the European Atomic Energy Community (Euratom Treaty). The controls imposed on such materials could therefore be abolished.

When making decisions whether or not to grant export licences under Council Regulation (EC) no. 428/2009, member states shall, under Article 12 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 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT, Swedish Treaty Series 1970:12). Basic regulations in such decisions are stated in the guidelines issued by the Nuclear Suppliers Group (NSG) and approved by the Participating Governments. These guidelines have been published in document INFCIRC/254/Rev.9/Part 1 issued by the International Atomic Energy Agency (IAEA).

The 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 re-export 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 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 Radiation Safety Authority (SSM) 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. The SSM has done so in the event of repeated transactions with a country. However, the Ministry for Foreign

Affairs shall obtain the assurance for export and provide the assurance for import when a transaction is the first of this kind with a country. This commission to the SSM applied until the end of 2009 and in November 2009, the SSM reported on its experiences to the Government. Through changes in the Ordinance (2008:452) with instructions for the Swedish Radiation Safety Authority, the Government has made the SSM's assignment permanent.

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 operations 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. All but one 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).

All EU member states have undertaken to report all exports 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 exports of nuclear materials to the IAEA and that the SSM shall report all export of nuclear equipment to the IAEA.

The Government considers that that the existing licensing procedure for trade within the EU according to Council Regulation (EC) No. 428/2009 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.

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.

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### **The Swedish Radiation Safety Authority**

The Swedish Radiation Safety Authority bears broad responsibilities in the areas of radiation protection and nuclear safety. Consequently, the activities of the authority include nuclear non-proliferation and supervision of the adherence of Swedish nuclear activities with the relevant international undertakings. The SSM 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 I to Council Regulation (EC) No. 428/2009. The SSM'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 the SSM. 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.

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.

Table 26 in Annex 4 of this document details the export licences granted by the SSM.

## **9 Co-operation in the EU on export controls of military equipment**

### **Common Position Defining Common Rules Governing the Control of Exports of Military Technology and Equipment**

Under Article 346.1 a) of the Treaty on the Functioning of the European Union, the FEU Treaty (formerly article 296 of the EC Treaty), any member state may implement measures it considers necessary to safeguard its essential security interests with regard to the manufacture or trading of arms, ammunition and military equipment. On the basis of this article, the EU member states have adopted national rules for export of military equipment. However, the member states have to some extent preferred to co-ordinate their export policies. The Code of Conduct on Arms Export adopted in 1998, specified common criteria for exports of military equipment that are to be applied in connection with national



assessments of export applications. Member states can have their own, stricter guidelines. The Code of Conduct was reinforced in 2005 and, as previously mentioned, was adopted as a Common Position in 2008 (2008/944/CFSP).

The first part of the Common Position 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,
- The situation in the recipient country's region, and
- The exporting country and the recipient country's international undertakings.

With respect to the situation in the recipient country, account is to be taken of respect of human rights and international humanitarian law, 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 being able to use the weapons in a regional conflict. Finally, international undertakings of the exporting and the recipient country are to be taken into account - for example, arms embargoes must be respected, the national security of member states must be considered and the behaviour of the recipient country in the international community shall be taken into account. The latter concerns, among other things, the country's attitude to terrorism, the nature of its alliances and its respect for international law. The Common Position's seventh criterion addresses the risk of diversion to an unintended recipient. The Swedish guidelines on exports of military equipment also address unlicensed re-exports and detail their consequences. An example of a diversion, noted in 2009, was the discovery of certain Swedish military equipment inside Columbia. Swedish documentation showed that licences had been issued some 20 years previously for the export of the relevant equipment to Venezuela with the requisite end-user certificates.

The Common Position is complemented by a list of the products that it covers (the EU common military list) and a user's guide that provides more details on implementation of the agreements in the Common Position on the exchange of information and consultations and on how its criteria for export control shall be applied. (Link to the EU's military list: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:065:0001:0034:EN:PDF>)

### **Exchange of information on denials**

Under the operative provisions of the Common Position, member states are to exchange details of denied export permit applications. 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 exchange of details of denials and consultations on the details make the EU's export policy more transparent and

uniform. The consultations promote a consensus on the various export destinations. The fact that the member states notify each other of the export transactions they deny also reduces the risk that another member states will approve the export. The intention is thus that once other member states have been informed of the denial of certain export, the same export should not be approved by another member state. The ISP is responsible for issuing details of Swedish denials and arranging consultations.

In 2009, Sweden received 344 notifications of denials from other member states. Sweden issued two notifications of denials. These applied to FYROM and Ukraine.

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. Swedish export controls do not apply a system of country lists, i.e. predetermined 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 Common Position on the Control of Exports of Military Technology and Equipment.

### **User's Guide**

To complement the Common Position, there is, as mentioned above, a User's Guide available to assist the licensing authorities in the member states. This is also available at the EU website under the heading "Security-related export control": (<http://www.consilium.europa.eu/showPage.aspx?id=1484&lang=EN>). The User's Guide contains more detailed guidelines for application of the criteria for export controls. The User's Guide specifies procedures to improve the system for notifications of denials and consultation and clarifies the responsibility of member states in these respects. The User's Guide is updated on an ongoing basis.

### **Export controls and global development policy**

In its report on Swedish export controls in recent years, the Parliamentary Committee on Foreign Affairs has addressed the issue of harmony between various policy areas in global development policy (2007/08: UU7, 2008/09:UU14).

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 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 Common Position, 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 seriously hampered. Sweden has

actively favoured the former Code of Conduct being accepted as a Common Position and for it to be interpreted and applied uniformly by the EU member states. Sweden was also 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 the User's Guide for application of the Common Position. Overall, the Government considers that the Common Position, vouches for the goals, perspectives and principal features of the Swedish policy for global development being expressed in Swedish export control policy.

### **ICT directive**

After the usual consultation process in which the member states, the defence industry, individual organisations and others have commented on a consultation paper, the Commission presented a proposed directive at the end of 2007 on the simplification of the conditions for the transfer of defence equipment within the community (COM [2007] 765 final). This proposal, which was less far reaching than the original ideas in the consultation paper, constituted, 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 was to facilitate the mobility of defence equipment and defence equipment services between EU member states. The Commission considered the variety of national licensing systems within the EU to be an administrative burden for companies and hampering the competitiveness of the European defence industry as a whole. The proposal therefore aimed to reduce barriers to transfer of defence equipment and defence equipment services within the EU by simplifying and harmonising licensing conditions and procedures.

In negotiations on the proposed directive in 2008 it was therefore somewhat modified. The final version clarifies the continued right of decision of the member states, while the harmonising function of the proposal remains. At the end of 2008, consensus was reached between the Council of the European Union, the Commission and the European Parliament. The European Parliament voted in favour of the proposal in December 2008 and the Council adopted the directive in early 2009. Member states have two years from the end of the first half of 2009 to implement the directive in their national legislation, which is, in turn, to be effective by 30 June 2012.

It is the Government's view that the ICT directive effectively fulfils its purpose. A favourable balance is achieved between internal market considerations and the maintenance of effective export controls.

One major point of the ICT directive is that authorisation for transfer of defence-related products within the EU shall be based on a new system that harmonises and simplifies export control rules. Licences for transfers of defence-related products 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 permission to transfer certain predetermined defence-related products intended for a

recipient approved in advance (certified by the recipient state). Global licences cover one or several transfers of defence-related products to one or several recipients. Such licences shall be valid for a period of three years. Individual licences cover one transfer to a single recipient. The latter type of licence shall be used when it is necessary to protect important security interests of member states or to comply with relevant international obligations and commitments, such as relevant non-proliferation agreements, export control arrangements or other international agreements.

The ICT directive does not affect the rules governing exports outside the EU. However, it does stipulate that member states shall ensure that recipients of defence-related products applying for an export licence shall, in cases where such products received from another member state are subject to export restrictions, declare to the relevant authorities that they have complied with the terms of these restrictions and that they have, in relevant cases, obtained the necessary consent from the originating member state.

Work began in 2009 to analyse and propose legislative amendments necessary for Sweden to fulfil its undertaking according to the ICT directive. Link: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:146:0001:0036:en:PDF>

## **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 application of the Common Position on arms exports and exchange views on export destinations. An account of this work, detailing agreements reached and statistics on the member states' exports of military equipment is published in an annual report. The annual reports show that the Common Position has led to significant changes in the member states' national rules and export policy. The EU's 11th annual report was compiled during the Swedish presidency (see the following website: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:265:FULL:EN:PDF>).

Since the criteria in the Common Position 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.

The member states have also decided to systematise their outreach activities on export control policy to non-EU countries. This work continued in 2009. The purpose is to encourage other countries to develop export control systems along the lines of the EU's Common Position. To approach these activities systematically, COARM has identified countries where visits and seminars are suitable, contacted them and set up a database for these activities, whether they are undertaken jointly by several EU member states 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 controls and the values on which EU co-operation is based. Skr. 2009/10:114

With a view to further coordinating efforts, a Joint Action was adopted in early 2008 regarding the EU's outreach work (Council Joint Action 2008/230/CFSP on support for EU activities in third countries in order to promote the control of arms exports and the principles and criteria of the EU Code of Conduct on Arms Exports). This applied for a period of two years (2008-2009). During the Swedish Presidency, a workshop on export controls for military equipment was held in Tbilisi, in which representatives from Armenia, Azerbaijan, Georgia and Moldova participated. The ISP was responsible for planning and carrying out the workshop, which was considered successful. At the end of 2009, the Council decided that the EU's outreach activities in this area would continue for another two years. On Sweden's initiative, certain new elements were introduced to further develop and, over time, assess these activities.

During the Swedish presidency three seminars were also carried out supporting the UN process aimed at reaching an international Arms Trade Treaty. The United Nations Institute for Disarmament Research (UNIDIR) led the practical implementation.

In the autumn of 2009, Sweden represented the EU at the meetings on export control issues in the area of military equipment held regularly with five countries: the United States, Russia, Canada, Ukraine and Norway.

In November 2009, the annual meeting was held between the EU's COARM delegates and concerned European NGOs. Some 80 people participated in a full day of discussions on current issues including the EU member states' implementation of the Common Position and efforts towards an Arms Trade Treaty.

During the regular meetings of the COARM group, the previously established exchange of information continued and also included issues such as member states' implementation of the ICT directive.

### **Control of arms brokering**

To tackle the problem of uncontrolled arms brokering and avoid circumvention of arms embargoes, in 2003, the Council adopted a Common Position (2003/468/CFSP) on control of arms brokering. According to this, the member states undertake to take necessary measures to control arms brokering within 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 being produced. In Sweden, some 30 companies are registered as brokers of products classified as military equipment.

**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 administered by the UN Institute for Disarmament Research (UNIDIR). 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 and it has also been made possible to report trade with small arms and light weapons. Particular importance is now placed on man-portable air defence systems (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 defence industry. In consultation with defence agencies and the ISP, the Ministry for Foreign Affairs 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 2009, the eighteenth year of the UN Register, 80 UN member states 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 most of the world's trade in heavy conventional weapon systems is covered by the Register.

Sweden's share of world trade in heavy weapon systems continues to be modest. The report that Sweden will make to the UN Register for 2009 will include exports of Combat Vehicles 90 to Denmark and the Netherlands, tracked carriers S 10 to the UK, tracked carriers 206 S to Italy and Germany, Robot 70 to Australia and Finland, and JAS Gripen to South Africa. The information submitted to the UN Register is available at the UN's website.

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 a government are unacceptable and to persuade it to desist from these actions. One measure that can be taken is to impose an embargo on a country, meaning that trade with a certain country is prohibited. 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. At regular intervals, the embargo is reassessed to determine 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 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 EU's 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 EU regulations.

For a list of the EU's arms embargoes and other sanctions, see the website: [http://ec.europa.eu/external\\_relations/cfsp/sanctions/docs/measures\\_en.pdf](http://ec.europa.eu/external_relations/cfsp/sanctions/docs/measures_en.pdf). SIPRI's website also contains information about embargoes, see <http://www.sipri.org/contents/armstrad/embargoes.html>.

**Current issues regarding arms embargoes**

In 2009 Sweden applied 17 arms embargoes against 16 countries. One embargo related to Usama bin Laden, members of al-Qaida and the Taliban and is not associated with any particular country. Fifteen of these

embargoes have been decided on within the EU. In 2009, the EU decided to introduce an arms embargo against Guinea (Council Common Position 2009/988/CFSP, supplemented by Council Decision 2009/1003/CFSP) while the embargo against Uzbekistan was terminated in connection with the entire sanctions regime against that country being rescinded. Often, more than one international organisation imposes an embargo on the same country.

The EU arms embargo against China was introduced as a result of the events in Tiananmen Square in 1989. Sweden permits no exports of military equipment to China.

In 2006, the UN Security Council introduced an arms embargo against North Korea in Resolution 1718. In the same year, the EU adopted a Common Position on an arms embargo against North Korea (Council Common Position 2006/795/CFSP concerning restrictive measures against the Democratic People's Republic of Korea). The broadening of the sanctions against North Korea imposed by Security Council Resolution 1874 (2009) did not directly affect the arms embargo, although on their application by the EU, the stricter sanctions were extended regarding, among other things the prohibition of exports of dual-use products (amendment of the Council Common Position through Council Decision 2009/2001/CFSP).

In 2006, 2007 and 2008, the UN Security Council adopted resolutions with decisions on sanctions against Iran (resolutions 1737, 1747 and 1803). In line with its previous policy of not selling military equipment to Iran, the EU has decided to prohibit exports of military equipment to and from Iran (see the Council's Common Position 2007/246/CFSP). No changes to the arms embargo occurred in 2009, although the EU did, during the year, decide to extend the list of dual-use products for which exports to Iran are prohibited or subject to licence requirements. As in the case of other arms embargoes decided upon in the EU, the prohibition against export of military equipment to Iran and North Korea 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 (like the prohibition on exports of dual-use products) in an EU regulation (for Iran, Council Regulation (EC) No. 628/2007 in its wording according to Council Regulation (EC) no 628/2007; for North Korea, Council Regulation (EC) 329/2007, in its wording according to Council Regulation (EC) no 1283/2009). Pursuant to the Act (1996:95) concerning Certain International Sanctions, Swedish provisions, inter alia, on the prohibition of purchasing, importing or transporting military equipment from Iran, have been introduced through the Ordinance (2007:704) concerning Certain Sanctions against Iran. There are plans to introduce equivalent supplementary regulations regarding North Korea.

In December 2009, resolution 1907 of the UN Security Council introduced, inter alia, an arms embargo against Eritrea. The EU's implementation of this commenced in early 2010.



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, the world's combined transfers of major conventional weapons was stable in 2008 and 2009, at USD 22,768 million in 2008 and USD 22,640 million in 2009.

During the period 2005-2009, Sweden ranked tenth in SIPRI's annual list of exporters of major conventional weapons (aircraft, warships, artillery, armoured vehicles, missiles, engines, air defence systems, radar systems and other sensors) with 1.8 per cent of total world exports. During the same period, the largest exporter, the United States, accounted for 29.8 per cent of global exports, followed by Russia (23.5 per cent), Germany (10.7 per cent), France (8 per cent), and the United Kingdom (4.1 per cent).

The leading importer of major conventional weapons during the period 2005-2009 was China, which accounted for 9.4 per cent, followed by India (7.2 per cent), South Korea (6.1 per cent), the United Arab Emirates (5.6 per cent) and Greece (4 per cent). Sweden was in 54th place during the period with 0.3 per cent of total imports of major conventional weapons. More information is available from the SIPRI database on arms transfers at [www.sipri.org](http://www.sipri.org).

## 13 An international Arms Trade Treaty, ATT

In December 2009, the UN General Assembly adopted a resolution (Res. 64/48) determining that a UN conference to negotiate an international Arms Trade Treaty (ATT) shall be held over a four week-period in 2012. The stated task is to negotiate a legally binding instrument regarding the highest possible common international standards for transfers of conventional arms. The conference shall be preceded by meetings of a preparatory committee during two weeks in 2010 and two weeks in 2011.

The process of establishing an ATT, in progress since 2005 when the United Kingdom first proposed a global arms trade treaty, has thus entered a qualitatively new and more operational stage. An important factor has been the United States' vote in favour of the UN resolution and its declared willingness to commit rigorously to the ATT process. Twenty countries abstained from voting, including Egypt, India, China, Pakistan and Russia. However, the resolution now entails a clear mandate to negotiate an international arms trade treaty.

In 2009, the EU also implemented a series of measures to support the ATT process in third countries. Regional seminars were arranged in five different places around the world with the United Nations Institute for Disarmament Research (UNIDIR) as the principal organiser and with the participation of SIPRI and others. These seminars were carried out in

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

The expression "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 "small arms and light weapons".

Work is in progress in various international forums, such as the UN, the EU and the OSCE, 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 deaths and suffering than these, which are used every day in local and regional conflicts, not least in developing countries. The UN has estimated the number of persons killed by light weapons to be at least 300,000 annually.

In 2001, the United Nations adopted a programme of action to combat the illegal trade with light weapons. Most recently in 2002, the EU revised its Joint Action on combating the destabilising accumulation and illegal spread of small arms and light weapons. The Action now also includes ammunition for these weapons. In addition, an EU strategy with an action plan on the same topic was adopted by the European Council in December 2005. An instrument (non-binding) for the labelling and tracking of small arms and light weapons was negotiated and adopted through a resolution by the UN General Assembly in the autumn of 2005. In February 2008, the EU resolved to support the tracking instrument through the adoption of a Joint Action. In addition, Sweden has signed the UN's Firearms Protocol, which is linked to the UN Convention on Transnational Organised Crime. Sweden is preparing ratification.

In 2000, the Organization for Security and Co-operation in Europe (OSCE) adopted a document on light weapons relating to control of manufacturing and export and rules for labelling, registering, traceability and information exchange, 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, including MANPADS. Sweden supports efforts to have all countries setting up and implementing a responsible export policy with comprehensive laws and regulations. The goal is for all countries to have effective systems that

### **Follow-up of the UN's programme of action**

The aims of the UN's work on small arms and light weapons include raising awareness of their destabilising effects in conflict regions. Non-proliferation is also important in combating criminality and, not least, crimes of terrorism. At the review conference in New York in 2006, 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. The next review conference will take place in 2012.

### **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. Swedish exports of small arms and light weapons are presented in Annex 1. The value of exports of such weapons from Sweden in 2009 amounted to SEK 1.4 million. 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 of such weapons from Sweden in 2009 amounted to approximately SEK 417 million.

## **15 International co-operation on military equipment**

### **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 an important defence industry co-operation agreement at the government level, the Framework Agreement. This agreement was negotiated as a result of the declaration of intent adopted by the countries' defence ministers in 1998, the Six-Nation Initiative or "Letter of Intent" (LoI). 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 2009, four of the six working groups continued to submit

ongoing debriefs to the International Executive Committee of the LoI. During 2009, the working group on export control issues concluded, under French chairmanship, its work to prepare a new agreement on the introduction of a global licence for transfers of components between defence industry companies. The agreement has been approved by the executive committee and now awaits approval by the LoI states. In addition, over the year, the working group prepared issues regarding the implementation of the ICT directive.

### **Nordic co-operation**

In 2009, the defence ministers of the Nordic countries signed a new joint accord, the Nordic Defence Co-operation (NORDEFECO), which brings all current and future Nordic co-operation in the area of defence materials under a single, uniform management and decision-making structure.

As before, there is also a Nordic co-operation agreement on support for defence industry co-operation in the area of defence equipment, including delivery reliability and export controls. The ISP is responsible for the operational work regarding export control issues.

### **Bilateral co-operation**

In the area of export controls, agreements are in place with the United States and South Africa, with the ISP being responsible for operational co-operation. In 2009, with the Government's permission, the ISP signed an equivalent agreement with Australia and an agreement on export controls regarding MANPADS with the United Kingdom.

## **16 Combating corruption in the international arms trade**

For a number of years, Sweden has cooperated with the UK section of the NGO Transparency International (TI) to combat corruption in the arms trade. In collaboration with TI, several seminars have been organised in Sweden with the purpose of increasing the awareness of relevant companies regarding the importance of developing internal codes of conduct, etc. The Government also emphasises the importance of adhering to the OECD's guidelines for multinational companies and of backing the UN Global Compact and its ten principles. It is also significant that the European trade association Aero Space and Defence Industries Association in Europe (ASD) has taken the initiative for a Common Industry Standard. The member organisations now have the task of ensuring that all member companies implement this. An agreement was recently reached with the ASD's US counterpart regarding a harmonised US-European standard, Global Principles of Business Ethics for the Aerospace and Defence Industry.

### **What are weapons of mass destruction?**

The issue of non-proliferation of weapons of mass destruction has been prominent on the international agenda for a long time. There is no legal definition of what is meant by the term "weapons of mass destruction". Normally, however, the term denotes nuclear, chemical and biological weapons. In modern terminology, radiological weapons are also sometimes considered to be covered by the term. In efforts to prevent the proliferation of weapons of mass destruction, certain weapon carriers capable of carrying such weapons, such as long-range ballistic missiles and cruise missiles are also included.

Multilateral measures to prevent proliferation of weapons of mass destruction have in particular been expressed through a number of international conventions and less formal export control regimes.

### **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 Development, Production, Stockpiling and Use of Chemical Weapons and their destruction (CWC). Sweden is a party to all three conventions (see Swedish Treaty Series 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 nuclear fuel or special fissionable material, or equipment or material especially designed or prepared for the production of special fissionable material to any non-nuclear weapon state, unless the 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, the CWC stipulates that the parties shall never transfer directly or indirectly, chemical weapons to any other state.

Although the primary objective of these international agreements is to prevent proliferation of weapons of mass destruction and to promote disarmament, they also require the parties to promote trade for peaceful purposes. The reason for this is that a substantial proportion of the products and technologies concerned are dual-use products.

## **The multilateral export control regimes**

To facilitate international co-operation 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).

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

Unlike the international conventions mentioned above, the export control regimes are not binding under international law. Instead, co-operation is based on a common political desire to prevent the proliferation of weapons of mass destruction by national legislation enabling export controls for products and technologies identified as strategic. Participation in these regimes also makes it easier to meet the international legal obligation under the above-mentioned international conventions to refrain from assisting other states, directly or indirectly, in acquiring weapons of mass destruction.

### **Basic concepts used by the regimes**

Two key concepts in this multilateral co-operation are denials and consultations. A regime member that has denied 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 an 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. 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, co-operation 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

### **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 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 in connection with weapons of mass destruction or related weapons carriers. The EU was a driving force in this process.

### **The Zangger Committee**

The Zangger Committee, 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). Information about the ZC can be found on the website [www.zanggercommittee.org](http://www.zanggercommittee.org).

### **Nuclear Suppliers Group**

The Nuclear Suppliers Group has its origins in the 'London Club', which was established in the mid-1970s. The work of the NSG involves export controls for products for nuclear applications and dual-use products that can be used in connection with 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).

During 2009, the NSG also continued work aimed at strengthening the regime's guidelines with respect to export controls of particularly sensitive equipment and to establish adherence to the IAEA additional protocol as a prerequisite for deliveries of nuclear materials. Among other things, the plenary meeting of the regime in June followed up the 2008 decision regarding civilian nuclear co-operation with India, including the commitments undertaken by that country. In 2009, the NSG was chaired by Hungary who was succeeded in this role in 2010 by New Zealand. Information about NSG is available on the website [www.nuclearsuppliersgroup.org](http://www.nuclearsuppliersgroup.org).

## **The Australia Group**

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

At the centre of the AG's work in 2009 were, among other things, the 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, focusing on developments in "synthetic biology". Russia's interest in being included as a member of the Australia Group encountered continued resistance with several member countries expressing the opinion that the country did not fully meet the regime's membership criteria. In recent years, efforts to inform member states' national industrial and research institutions on non-proliferation of CBW has become an increasingly important issue within the AG. Further information is available at [www.australiagroup.net](http://www.australiagroup.net).

## **The Missile Technology Control Regime**

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 2008, 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 are a large number of identified non-member states which have been proposed for outreach activities. Several EU countries are still not members of the MTCR regime. Their membership continued to be blocked in 2009 for political reasons. In 2009, MTCR was chaired by Australia, which was succeeded by Brazil.

Information on MTCR is available at [www.mtc.info](http://www.mtc.info).

## **The Wassenaar Arrangement**

The Wassenaar Arrangement (WA) was created in 1996 as a successor to the multilateral export control co-operation 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 openness and responsible action with regard to transfers of conventional weapons and dual-use products, thus helping to avoid destabilising accumulations. The activities of the Wassenaar Arrangement are based on the principle that trade in the items in the control lists should be permitted, but must be controlled.

The Wassenaar Arrangement targets a broader product portfolio than the other export control regimes. Two control lists are attached to the basic document: the 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. The first of these lists forms the basis for the EU's military list.

The plenary session in the late autumn of 2009 (chaired by Canada) addressed issues including accumulations of conventional weapons with a destabilising effect. The control lists were updated regarding a number of points in areas such as information security and satellite navigation. The chairmanship was taken over by Switzerland. Further information is available at [www.wassenaar.org](http://www.wassenaar.org).

## 18 UN Security Council Resolution 1540 and the Proliferation Security Initiative (PSI)

In April 2004, the United Nations Security Council adopted Resolution 1540 in accordance with chapter VII of the UN Charter. The resolution, which is binding for the member countries of the United Nations, seeks to prevent state and non-state actors obtaining access to weapons of mass destruction and the means of delivery for these weapons. With respect to export controls, it mandates that all states are to establish effective national controls of exports, transit traffic, trans-shipments and re-exports. The resolution also contains provisions on assistance to other countries in implementing the provisions of this resolution.

It was also decided through Resolution 1540 to set up a committee of the Security Council, 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 mandate of the 1540 Committee has been extended twice, most recently until 2011.

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-coordinating their work in this sphere and have conducted scenario-based discussion exercises to develop their cooperative capacity.

### **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 VII 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 Council Decision (previously a Common Position). This obliges EU member states to implement the measures, either jointly or at the national level. The measures that fall within the competence of the Union are then implemented in an EU regulation which is directly applicable in Swedish domestic legislation. The EU regulation can stipulate that certain tasks are to be carried out by special competent authorities in every member state. Other measures in accordance with the Council Decision fall under the competence of the member states and are implemented in national legislation.

As a result of North Korea's nuclear weapon test in October 2006, the UN Security Council adopted 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 (Council Common Position 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 and that 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 missiles. Following a new test of nuclear weapons and missile launches in the spring of 2009, the Security Council agreed on extended sanctions against North Korea (Resolution 1874). The EU's decision to implement these entails certain additional extensions of the sanctions including a substantial increase in the number of products prohibited for export to North Korea (Common Position 2009/573/CFSP and Council Decisions 2009/599/CFSP and 2009/1002/CFSP).

The prohibitions are regulated in EC regulation no. 329/2007 which is directly applicable as law in Sweden. This has been amended by Council Regulation (EU) No. 1283/2009. The regulation contains certain possibilities for exceptions from the sanctions. The ISP, the SSM, the Swedish Financial Supervisory Authority and the Swedish Social Insurance Agency have been appointed as competent authorities for, inter alia, making decisions on authorisations under the regulation.

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 exports and imports of all dual-use products as indicated by the EU list of such products;
- Prohibition of aid and investment associated with dual-use products as indicated by that list.

The sanctions regime also includes freezing of financial assets for individuals and units associated with North Korea's programme for weapons of mass destruction, including a prohibition on making assets available for these. The sanctions against North Korea also include an arms embargo, which is mainly implemented in national legislation. There is also the possibility to perform special inspections of shipments to and from North Korea.

**Iran**

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. Nor had it 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. In March 2008, the UN security Council adopted resolution 1803 which increases the stringency of the sanctions. 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.

These sanctions are implemented in the EU through two Common Positions (2007/140/CFSP amended by 2007/246/CFSP) and EC regulations (regulation no. 423/2007 amended by regulation no. 618/2007). Additions and amendments were made on 7 August 2008 via Common Position 2008/652/CFSP and on 10 November 2008 via Council Regulation (EC) 1110/2008. Further amendments were made in November 2009 through additions to the lists of products for which export licences are required (Council Decision 2009/480/CFSP and EU Regulation no. 1228/2009). The EU regulations are directly applicable in Sweden and apply as domestic Swedish legislation. These regulations contain some possibilities for exceptions from sanctions. The ISP, the SSM, the Swedish Financial Supervisory Authority and the Swedish Social Insurance Agency have been appointed as competent authorities for, inter alia, making decisions on authorisations under the EU 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 exports and imports of all dual-use products as indicated by the NSG and MTCR export control regimes;
- Prohibition of aid and investment associated with dual-use products listed by the NSG and MTCR;
- Requirement of export licences for certain other dual-use products;
- Requirement of licences for aid and investment associated with certain dual-use products.

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 programmes. The sanctions against Iran also include an arms embargo, which is mainly implemented in domestic legislation. There is also the possibility to perform special inspections of cargoes transported by certain Iranian transport companies.

### **Further 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/d/9230](http://www.ud.se/d/9230). The ISP also provides information about sanctions on the website [www.isp.se](http://www.isp.se).

## 20 Co-operation 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. 428/2009. The following section takes up the work in WPDU.

### **The year's work on the control lists**

The alterations to the regimes' control lists are inserted in Annex I of the above-mentioned the EU Regulation, thus becoming legally binding in all EU member states. Amendments in the regime lists up to the end of 2008 have been inserted in the EU's control list by Regulation (EC) No. 1167/2008. This regulation came into force in Sweden in December 2008. New updates are expected in early 2010.

### **Work of the WPDU**

The EU's strategy against proliferation of weapons of mass destruction from 2003 includes an undertaking to strengthen the effectiveness of export controls for dual-use products in Europe. One fundamental reason for improving export controls 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 internal market or the competitiveness of European companies.

In response to Resolution 1540 of the UN Security Council, a peer review was conducted of national export control systems in 2004. The Council affirmed that the review confirmed the need to streamline and strengthen European export controls and in January 2006, the Commission presented proposed changes to Council Regulation 1334/2000.

Since then, the Commission's proposals have been processed by the Council Working Group, the WPDU. This work was concluded in 2009 and the Council was able to adopt the amended regulation (EC) 428/2009, which came into effect on 27 August 2009. The key changes are that brokering and trans-shipments are now also regulated.

Against this background, the Government expects to present to the Parliament in early 2010 certain proposed amendments to the Act (2010:2000) on Dual-Use Products and Technical Assistance.

In addition, activities in 2009 within the framework of the WPDU included: coordination between member states with regard to handling control of dual-use 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.

In addition, the following was addressed during the Swedish presidency:

- the Commission's proposal regarding broadened general export authorisations at the EU level (CGEAs),
- a list of products subject to prohibition for exports from the EU to North Korea (in connection with and in addition to UN sanctions),
- presentations of collaboration by Swedish authorities in the implementation of the EU's New Lines for Action (a concretisation of the EU's strategy against weapons of mass destruction),
- continued work on a database of member states' notifications and denials of export licence applications in accordance with Council Regulation (EC) no. 428/2009, and
- member states' information to the Commission regarding changes to internal regulations.

### **EU coordination within the multilateral export control regimes**

According to the EU strategy to prevent proliferation of weapons of mass destruction, member states shall aspire to be key partners in the export control regimes. This should take place, in among other ways, by coordination of EU positions within the regimes. A coordinated EU position in the different regimes has become increasingly common in recent years. EU initiatives have, among other things, led to members in the respective regime being able to agree to maintain export controls also for products outside the control lists (*catch-all*), if these can be assumed to be used in connection with weapons of mass destruction. The EU has also sought to strengthen the exchange of information between the members in the regimes.

The EU has for long time taken the view that all EU member states should be invited to join all regimes. The Swedish presidency of the EU worked actively in favour of this. The main reason is the endeavour to maintain a harmonised and effective national export control for all EU countries based on the regimes' control lists, guidelines for export controls and exchange of information on proliferation risks. The EU area is a home market for the great majority of dual-use products. Trade within the EU is not export. Transfer of goods and technology to a third country is. The EU member states are therefore dependent on one another's export control systems. This is an additional reason why membership in the export control regimes has a particularly important dimension.

By decisions of the NSG and the Australia Group, all EU countries are now members of those regimes. The equivalent decision has not yet been

made in the MTCR with regard to Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, Slovenia and Romania. With regard to the Wassenaar Arrangement, the same applies to Cyprus. Skr. 2009/10:114

### **The Nordic-Baltic co-operation**

The Nordic-Baltic co-operation on export controls has broadened and deepened. As part of this work, regular meetings 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.

## **21 Outreach on export control policy**

A large proportion of Swedish national information efforts regarding export controls are conducted by the ISP. Internationally, a great deal of information 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 an established national export control system, but lack international contacts. Apart from the information value of the seminars and meetings that are arranged, they also offer opportunities for more open discussions of various concerns and proliferation risks. This promotes broader international co-operation on issues that are of interest to most responsible exporting countries.

For several years, the EU's member states have engaged in information activities and made visits 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's Common Position on Arms Exports and how it works in practice. As mentioned previously, a Joint Action regarding the EU's outreach activities was adopted in March 2008 with the purpose of further coordinating efforts. This was implemented during the Slovenian, French, Czech and Swedish presidencies and was extended by two years at the end of 2009.

In the area of dual-use products, the focus has been on informing about Council Regulation (EC) no. 1334/2000 (later 428/2009) and how it is applied in the 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. In 2009, the ISP continued to participate in the EU projects aimed at

exchanging experiences within the field of export control of dual-use products. The projects are led by BAFA (Bundesamt für Wirtschaft und Ausfuhrkontrolle), Germany's equivalent to the ISP.

In addition, there is extensive interest among the multilateral export control regimes 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.



## Annex 1 Swedish exports of military equipment in 2009

### Introduction

The Swedish Agency for Non-Proliferation and Export Controls (ISP) continuously monitors the marketing and export of military equipment and dual-use products, and it supplies the Government with the statistical data for the reporting of exports of Swedish military equipment and dual-use products. Given below are certain explanations to the tables on categories of military equipment, export licences, actual deliveries, leasing, manufacturing rights, co-operation and military-oriented training.

Companies licensed to manufacture and supply military equipment - currently 148, of which about 40 are active exporters - are required to submit information to the ISP.

### Categories of military equipment

To facilitate comparisons between figures on Swedish exports of military equipment and those reported by other EU member states, the categories of military equipment are specified in accordance with the EU's military list. Table 19 lists and compares the Swedish categories with the EU categories. This also lists the key product types within each category. Details of the contents of each category are given in Annex 5.

Unlike the Swedish equivalent, the EU military list makes no distinction between military equipment for combat purposes (MEC) and other military equipment (OME). The MEC category includes equipment with a destructive impact including sights for such equipment and firing control equipment. The OME category includes parts and components for MEC, as well as equipment that does not have a directly destructive impact in a combat situation.

Where tables state that export licences have been granted or that exports have been made within a particular category, this refers to one or more products in that category or components thereof. However, this does not mean that export licences have been granted, or that exports have been made, of all products in each category of equipment.

It is not possible to draw far-reaching conclusions regarding export trends, since total exports are too small to include steady flows of equipment in all categories produced in Sweden, and instead reflect a random focus that is offset over time depending on the export contracts secured by the industry.

### Export licences

Export licences for export sales are issued for, on the one hand, multiple small transactions of, for example, spare parts or ammunition and, on the

other hand, a limited number of large transactions for major systems delivered over several years. Major transactions, which do not necessarily occur every year, can have a tangible impact on the results of an individual year. Against this background, the statistics on export licences granted show considerable fluctuations from year to year. On the other hand, the scope of the actual exports does not reflect the same year to year fluctuations. This is because actual exports associated with a major export licence in terms of value are normally spread out over several years.

In cases where only one or two export licences have been granted, an approximate value is reported to protect commercial interests and defence secrets.

### **Actual deliveries, etc.**

Export statistics from the ISP are based on the export companies' statutory accounts of the invoiced value of the equipment delivered.

Changes in the statistics reported from one year to another do not, in themselves, constitute a basis for longer-term trend assessments. As mentioned previously, an individual major delivery one year can have a considerable impact on the statistics.

Swedish exports of military equipment are also reported in the general statistics on foreign trade based on the data submitted by the Swedish Customs to Statistics Sweden (SCB). However, the statistics from SCB differ from those reported by the ISP. SCB's statistics under the heading of "Arms and ammunition" include products classified as both military equipment and civilian products. Military aircraft, vehicles and vessels are reported under other headings. Furthermore, SCB's statistics include products crossing the border in order to be repaired in Sweden or abroad. In the ISP statistics, these are not reported as exports for sale. Consequently, SCB's figures are not comparable with the ISP statistics and are not included in this communication.

### **Follow-on deliveries**

It is occasionally of interest to study in greater detail what proportion of export licences for sales to a particular country involve follow-on deliveries. Table 8 provides such an account for a number of countries. This table also shows the type of equipment covered by new licences.

### **Leasing**

In recent years, the Swedish defence industry and the Defence Materiel Administration have secured various forms of leasing agreements with foreign customers. The background to this can be sought in international trends in recent years whereby international operations frequently entail immediate operational needs for equipment where normal procurement formats are inadequate in terms of the time frame.

Modern equipment manufactured for the Swedish Armed Forces has also become available as a consequence of organisational downscaling and a changed threat scenario lacking immediate threats against Sweden.

Examples include the leasing of radar reconnaissance aircraft to Greece at the beginning of this century in connection with that country's procurement of the system. Other examples are the leases made to the United Kingdom, Canada and Italy of artillery localisation radar.

In 2005, the Defence Materiel Administration delivered 14 JAS 39 Gripen aircraft to the Czech Republic as a consequence of the leasing agreement for 2005-2015 signed between Sweden and the Czech Republic in 2004. The agreement is valued at about SEK 5.7 billion.

In 2007, the Defence Materiel Administration made final delivery of six, out of a total 14, JAS 39 Gripens to Hungary (whose lease develops into a purchase in 2016). In addition, a licence was granted to Saab Microwave System to lease two GIRAFFE AMB reconnaissance radar to the United Kingdom for the period extending until 2010. In 2008, the same company was granted a further licence to lease additional GIRAFFE AMB radar equipment to the UK. The validity of this lease also extends until the end of 2010. During 2009, no leasing licences were granted.

Leasing agreements with foreign customers are not currently included in the export statistics data since they do not comprise sales.

### **Transfers of manufacturing rights, co-operation, etc**

Five licences were granted in 2009 for the transfer of manufacturing rights to other countries. These licences involved Canada (two), Pakistan (extension), the United Kingdom and the United States.

Furthermore, 19 co-operation agreements were examined and authorised for joint development or production in 2009. The agreements relate to co-operation between Swedish and foreign companies and are distributed by country as follows: France, France/Italy/Spain/Germany, the United Arab Emirates, India, Canada/The Netherlands, The Netherlands/Canada, Norway, Pakistan, Switzerland, South Korea (three), the United Kingdom (four), Germany (two) and the United States. In assessments of cases involving the transfer of manufacturing rights or co-operation 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 co-operation 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.

Under the Military Equipment Act (1992:1300), the Government requires entities having transferred manufacturing rights for military equipment to a party in a foreign country, or having entered into a co-operation agreement with a foreign partner, to report on an annual basis whether the agreement is still in force, whether production or other co-operation under such an agreement still takes place and how such co-operation is conducted. In 2009, six companies reported ownership in 60

foreign legal entities in 24 countries. A total of 181 licenses and co-operation agreements in 25 countries were reported by 18 companies.

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### Military training

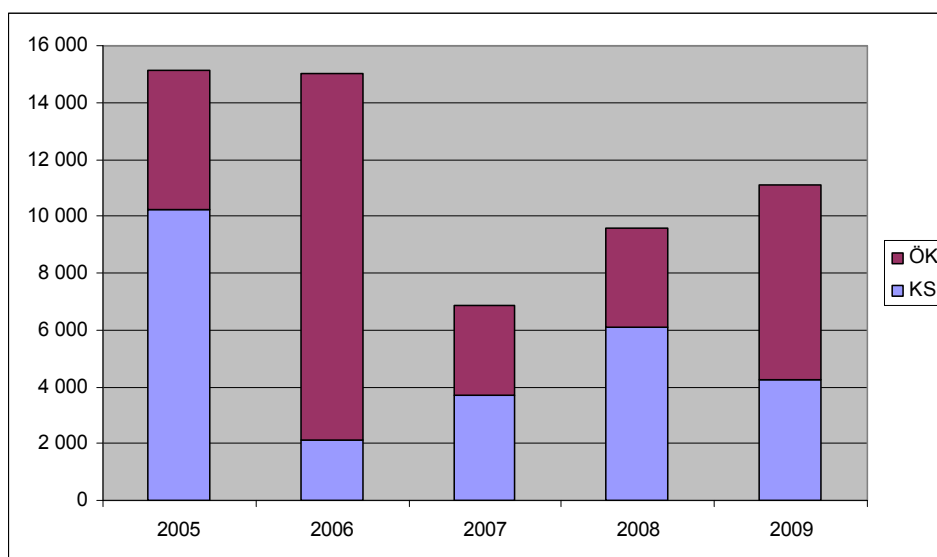
According to the Swedish Military Equipment Act, military training of foreign nationals may not be conducted in or outside Sweden without permission from the ISP. This prohibition does not apply to training associated with sales of military equipment for which export licences have been granted.

One permit for military training was issued in 2009.

**Table 1. Value of export licences granted, broken down into military equipment for combat purposes (MEC) and other military equipment (OME), 2005-2009 (million SEK)**

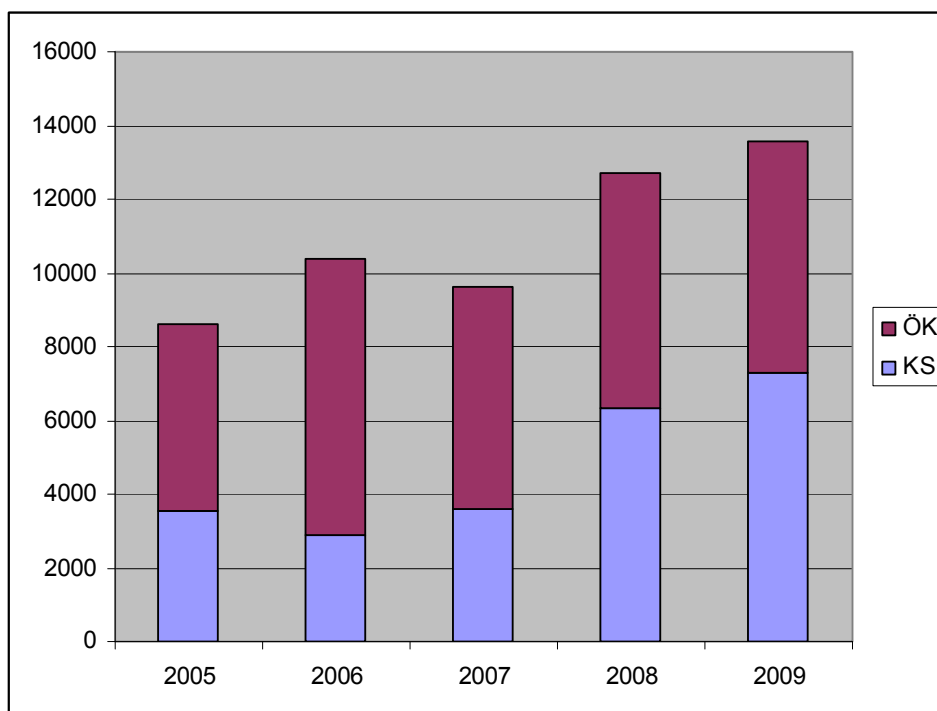
Year	Amounts in million SEK			Change in %		
	Total	MEC	OME	Total	MEC	OME
2005	15,147	10,214	4,933	+133	+571	+12
2006	15,034	2,132	12,902	-0.7	-79	+162
2007	6,832	3,679	3,153	- 55	+73	-76
2008	9,604	6,095	3,508	+40	+66	+11
2009	11,103	4,252	6,851	+16	-30	+95

**Table 2. Value of export licences granted, broken down into military equipment for combat purposes (MEC) and other military equipment (OME), 2005-2009 (million SEK)**



**Table 3. Actual exports of military equipment 2005-2009 compared with total exports of goods**

Years	Sweden's total exports of goods (current prices) million SEK	Exports of military equipment						
		Share of total exports, %	Current prices, million SEK			Change in %		
			Total	MEC	OME	Total	MEC	OME
2005	972,900	0.88	8,628	3,533	5,095	+18	-5	+43
2006	1,087,000	0.95	10 372	2,877	7,495	+20	-18	+47
2007	1,141,400	0.84	9,604	3,609	5,995	-7	+25	-20
2008	1,195,300	1.06	12 698	6,326	6,372	+32	+75	+6
2009	998 100	1.36	13,561	7,288	6,273	+7	+14	-1

**Table 4. Actual exports of military equipment 2005-2009 (million SEK)**

**Table 5. Export licences and actual exports in 2009 by recipient country and product category (million SEK)**

Amounts in SEK m

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licenced equipment (EU military list)*	Value of licences in million SEK	Principal category of exported equipment (EU military list)	Value of exports in million SEK
<b>EU</b>	<b>284</b>		<b>4138</b>		<b>6917</b>
Belgium	5	1, 3, 5, 8	2	1, 3, 5, 8	13
Bulgaria	-		-	3	0.5
Denmark	21	2, 3, 5, 6, 8, 14	178	1, 2, 3, 5, 6, 8, 14, 18, 21	582
Estonia	9	2, 3, 4, 5, 14	249	1, 2, 3, 5, 8, 14	24
Finland	47	1, 2, 3, 4, 5, 6, 7, 10, 11, 14, 18, 21	1,682	2, 3, 4, 5, 6, 8, 10, 14, 18	954
France	18	1, 3, 5, 6, 8, 10	397	1, 3, 5, 8, 10, 11	458
Greece	6	2, 3, 5, 8	4	2, 5, 8	425
Ireland	5	1, 2, 3	12	2, 3	11
Italy	15	1, 3, 5, 6, 8, 11	64	1, 3, 4, 5, 6, 8, 11	145
Latvia	4	2, 3, 14	55	2, 3, 5, 14	41
Lithuania	2	2, 3	1	2, 3	16
Luxembourg	1	6	0.008	6	0.008
Netherlands	21	1, 3, 5, 6, 13, 18, 21	41	1, 3, 5, 6, 10, 13	2479
New Caledonia (F)	-		-	3	0.4
Poland	8	3, 8	4	3, 4, 8	9
Portugal	1	3	1	2, 3	1
Romania	-		-	3	0.5
Slovakia	1	3	2	3, 5, 8	2
Slovenia	4	1, 5	0.3	1, 3, 5, 13	6
Spain	9	1, 4, 5, 8, 13	32	3, 4, 5, 6, 8, 13	263
United Kingdom	29	1, 3, 5, 6, 8, 10, 11, 14, 18	1,024	1, 2, 3, 4, 5, 6, 8, 10, 11, 14	932
Czech Republic	9	2, 3, 4, 5, 8, 14	36	2, 3, 4, 5, 8, 14	36
Germany	55	1, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14	298	1, 3, 4, 5, 6, 7, 8, 9, 11, 13, 14	464
Hungary	2	8	1	3, 5, 8	3
Austria	12	1, 3, 5, 6, 7, 8	55	1, 3, 4, 6, 7, 8, 10	52

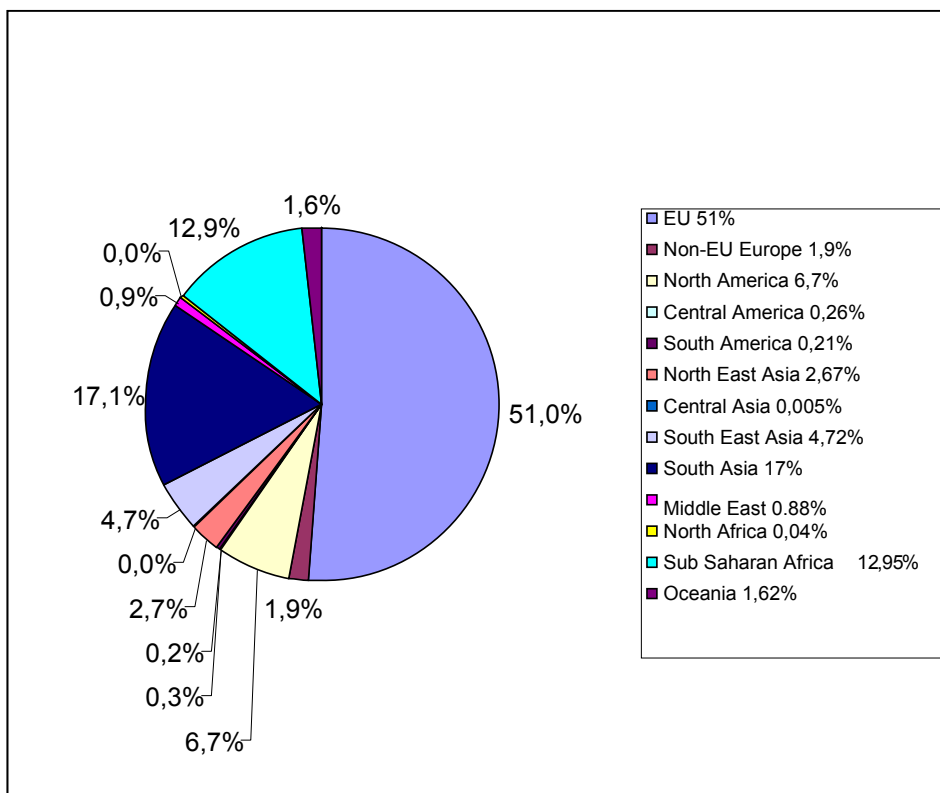
\* A comparison between the EU military list and the Swedish military list is provided in Table 19. The Swedish military list is given in Table 5.

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licenced equipment (EU military list)*	Value of licences in million SEK	Principal category of exported equipment (EU military list)	Value of exports in million SEK
<b>Europe, other</b>	<b>66</b>		<b>207</b>		<b>258</b>
Andorra	1	3	1		-
Iceland	-		-	3	0.3
Croatia	2	1, 5, 6	3	1, 3, 6	2
Norway	41	1, 2, 3, 4, 5, 6, 8, 10, 13, 14	180	1, 2, 3, 4, 5, 6, 8, 10, 13, 14	194
Russia	4	1, 3	19	3	9
Switzerland	15	1, 4, 5, 8, 13	2	1, 3, 5, 6, 8, 13	51
Turkey	3	1, 3, 6	2	3, 6	1
Ukraine	-		-	3	1
<b>North America</b>	<b>78</b>		<b>3,591</b>		<b>906</b>
Canada	22	2, 3, 4, 5, 8, 11, 14, 18, 21	2,110	2, 3, 5, 8, 18	268
United States	56	1, 2, 3, 4, 5, 8, 10, 14, 18, 21	1,481	1, 2, 3, 4, 5, 8, 10, 13, 14, 21	638
<b>Central America and the Caribbean</b>	<b>4</b>		<b>15</b>		<b>35</b>
Mexico	4	2	15	2, 5	35
<b>South America</b>	<b>21</b>		<b>65</b>		<b>28</b>
Argentina	2	2, 4	1		-
Brazil	16	2, 3, 5, 8, 14	37	2, 3, 5, 8, 14	27
Chile	2	2, 3, 14	26	2, 3, 5	1
Uruguay	1	3	1		-
<b>North-East Asia</b>	<b>13</b>		<b>24</b>		<b>361</b>
Japan	12	2, 3, 4, 8	24	2, 3, 4, 5, 8, 14	14
Republic of Korea	1	8	0.3	5, 8	347
<b>Central Asia</b>	<b>1</b>		<b>2</b>		<b>1</b>
Kazakhstan	1	3	1.5	3	1
<b>South-East Asia</b>	<b>28</b>		<b>1,238</b>		<b>640</b>
Brunei	2	2, 3	186		-
Malaysia	6	2, 3, 18	64	2, 3, 5, 18	129
Singapore	11	2, 3, 4, 5, 7, 21	900	2, 3, 4, 5, 7, 8, 9, 13,	430
Thailand	9	2, 3, 4, 14, 21	88	2, 3, 4, 5, 14, 21	81
<b>South Asia</b>	<b>28</b>		<b>219</b>		<b>2,313</b>
Bangladesh	1	3	9		-
India	24	1, 2, 5, 8, 18	181	2, 5, 18	901
Pakistan	3	4, 5, 18, 21	29	4, 5, 18, 21	1,412
<b>Middle East</b>	<b>16</b>		<b>1,223</b>		<b>120</b>
Bahrain	1	2, 14	24	5, 21	2
Egypt	2	3, 14	2	5, 14	8
United Arab Emirates	5	1, 5, 10, 15, 18, 21	1,169	1, 5	61

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licenced equipment (EU military list)*	Value of licences in million SEK	Principal category of exported equipment (EU military list)	Value of exports in million SEK
Jordan	3	1, 5	0.1	1, 5	0.1
Oman	2	1, 14	25	1, 5	5
Saudi Arabia	3	1, 5, 14	3	11, 14, 18	44
<b>North Africa</b>	<b>3</b>		<b>61</b>		<b>6</b>
Algeria	1	11	36	11	4
Tunisia	2	3, 8, 14	25	1, 4, 5, 8	2
<b>Sub-Saharan Africa</b>	<b>9</b>		<b>52</b>		<b>1,756</b>
Mauritius	-			3	0.05
Namibia	1	3	2	3	1
South Africa	8	1, 3, 5, 6, 8, 11, 21	50	3, 5, 6, 8, 10, 14, 21	1,755
<b>Oceania</b>	<b>9</b>		<b>270</b>		<b>220</b>
Australia	9	3, 4, 5, 11, 18, 21	270	2, 3, 4, 5, 8, 11	219
New Zealand	-		-	2, 3	0.5
<b>TOTAL</b>	<b>560</b>		<b>11,103</b>		<b>13,561</b>



**Table 6. Exports of military equipment, broken down by regions as a percentage of their value, 2009**      Skr. 2009/10:114



**Table 7. Exports of military equipment, broken down by country and divided between MEC and OME, 2007-2009 (million SEK)**

Amounts in million SEK

Region / country	2007			2008			2009		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
<b>EU</b>	<b>2,589.3</b>	<b>2,101.6</b>	<b>4,690.9</b>	<b>3,596.2</b>	<b>3,494.8</b>	<b>7,091</b>	<b>4109</b>	<b>2808</b>	<b>6917</b>
Belgium	2.7	1.8	4.5	14.3	4	18.3	10	3	13
Bulgaria	0.1	0.5	0.6	0.3	0.9	1.2	-	0.5	0.5
Denmark	476.4	271.5	747.9	1,360.2	406.8	1,767	325	257	582
Estonia	0.1	1.5	1.6	26.5	2.4	28.9	19	5	24
Finland	524.3	182	706.3	135.6	270.6	406.2	771	183	954
France	145.8	197.5	343.3	13.3	533.1	546.4	183	275	458
Greece	-	82.2	82.2	2	1,069	1,071	1	424	425
Ireland	-	39.4	39.4	-	4.9	4.9	-	11	11
Italy	0.008	237.5	237.5	1.1	211.5	212.6	9	136	145
Latvia	124.6	28.2	152.8	6.4	26	32.4	15	26	41
Lithuania	0.02	1	1	13.7	26.6	40.3	6	10	16
Luxembourg	-	-	-	-	-	-	-	0.008	0.008
Malta	-	0.02	0.02	-	-	-	-	-	-
Netherlands	976.2	167.2	1,143.4	1,753.5	63.9	1,817.4	2271	208	2479
New Caledonia	-	0.3	0.3	-	0.2	0.2	-	0.4	0.4
Poland	8.5	1.3	9.8	27.3	5.7	33	4	5	9
Portugal	0.5	1.2	1.7	-	1	1	0.003	1	1
Romania	0.04	0.2	0.2	0.2	0.6	0.8	-	0.5	0.5
Slovakia	1.3	0.8	2.2	4.6	0.9	5.5	1	1	2
Slovenia	1.1	18.2	19.3	0.9	3.4	4.3	5	1	6
Spain	0.8	15.7	16.5	61	20.2	81.2	226	37	263
United Kingdom	67.5	195.8	263.3	163.2	259.3	422.5	213	719	932
Czech Republic	229.2	1.8	231	5.9	3.9	9.8	23	13	36
Germany	29.3	640.5	669.8	4.8	567.6	572.4	26	438	464
Hungary	0.6	1.5	2.1	0.8	2.6	3.4	0.2	3	3
Austria	0.2	14	14.2	0.6	9.7	10.3	1	51	52
<b>Europe, other</b>	<b>175.3</b>	<b>169.2</b>	<b>344.5</b>	<b>249.6</b>	<b>147.5</b>	<b>397.1</b>	<b>137</b>	<b>121</b>	<b>258</b>
Iceland	0.01	0.2	0.2	0.01	0.3	0.3	0.02	0.3	0.3
Croatia	0.1	0.2	0.3	0.006	8	8	-	2	2
Norway	174.7	135.4	310.1	245.1	71.1	316.2	135	59	194
Russia	-	7.9	7.9	-	13.1	13.1	-	9	9
Switzerland	0.2	24.4	24.6	2	53	55	2	49	51
Turkey	0.3	0.6	0.9	2.5	1	3.5	-	1	1
Ukraine	-	0.5	0.5	-	1	1	-	1	1
<b>North America</b>	<b>589.2</b>	<b>436.7</b>	<b>1,025.9</b>	<b>540.5</b>	<b>386.1</b>	<b>926.6</b>	<b>476</b>	<b>430</b>	<b>906</b>
United States	566.3	292.2	858.5	526.2	294.4	820.6	404	234	638
Canada	22.9	144.5	167.4	14.3	91.7	106	72	196	268
<b>Central America and the Caribbean</b>	<b>1.2</b>	<b>21.3</b>	<b>22.5</b>	<b>-</b>	<b>13.1</b>	<b>13.1</b>	<b>30</b>	<b>5</b>	<b>35</b>

Region / country	2007			2008			2009		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
Mexico	1.2	21.3	22.5	-	12.9	12.9	30	5	35
Trinidad and Tobago	-	-	-	-	0.2	0.2	-	-	-
<b>South America</b>	<b>28.6</b>	<b>14</b>	<b>42.6</b>	<b>24.3</b>	<b>23.7</b>	<b>48</b>	<b>11</b>	<b>17</b>	<b>28</b>
Brazil	-	14	14	1	13.4	14.4	11	16	27
Chile	-	0.07	0.07	23.3	10.3	33.6	-	1	1
Venezuela	28.6	-	28.6	-	-	-	-	-	-
<b>North-East Asia</b>	<b>26.3</b>	<b>152.7</b>	<b>179</b>	<b>13.6</b>	<b>114</b>	<b>127.6</b>	<b>350</b>	<b>11</b>	<b>361</b>
Hong Kong, China	-	0.02	0.02	-	0.08	0.08	-	-	-
Japan	16	91.9	107.9	13	6	19	10	4	14
Republic of Korea	10.3	60.8	71.1	0.6	107.9	108.5	340	7	347
<b>Central Asia</b>	-	<b>0.2</b>	<b>0.2</b>	-	<b>0.5</b>	<b>0.5</b>	-	<b>1</b>	<b>1</b>
Kazakhstan	-	0.2	0.2	-	0.5	0.5	-	1	1
<b>South-East Asia</b>	<b>13</b>	<b>656</b>	<b>669</b>	<b>9.7</b>	<b>619.5</b>	<b>629.2</b>	<b>35</b>	<b>605</b>	<b>640</b>
Brunei	-	-	-	-	0.03	0.03	-	-	-
Indonesia	-	1.3	1.3	-	2.6	2.6	-	-	-
Malaysia	11.6	12.8	24.4	-	12.2	12.2	-	129	129
Singapore	1.4	638.3	639.7	9.7	592.1	601.8	4	426	430
Thailand	-	3.6	3.6	-	12.6	12.6	31	50	81
<b>South Asia</b>	-	<b>989.7</b>	<b>989.7</b>	-	<b>1,352.6</b>	<b>1,352.6</b>	<b>334</b>	<b>1979</b>	<b>2313</b>
India	-	310.5	310.5	-	506.2	506.2	-	901	901
Pakistan	-	679.2	679.2	-	846.4	846.4	334	1078	1412
<b>Middle East</b>	-	<b>17.1</b>	<b>17.1</b>	<b>1.7</b>	<b>88.9</b>	<b>90.6</b>	<b>0.03</b>	<b>120</b>	<b>120</b>
Bahrain	-	1.0	1.0	0.8	11.5	12.3	-	2	2
Egypt	-	0.01	0.01	-	-	-	-	8	8
United Arab Emirates	-	5.1	5.1	-	47.8	47.8	-	61	61
Jordan	-	-	-	-	0.5	0.5	0.03	0.1	0.1
Kuwait	-	-	-	-	2.2	2.2	-	-	-
Oman	-	0.8	0.8	-	0.8	0.8	-	5	5
Saudi Arabia	-	10.2	10.2	0.9	26.1	27	-	44	44
<b>North Africa</b>	-	-	-	<b>1</b>	-	<b>1</b>	<b>2</b>	<b>4</b>	<b>6</b>
Algeria	-	-	-	-	-	-	-	4	4
Tunisia	-	-	-	1	-	1	2	0.09	2
<b>Sub-Saharan Africa</b>	<b>1.7</b>	<b>1,331.9</b>	<b>1,333.6</b>	<b>1,865</b>	<b>37.7</b>	<b>1,902.7</b>	<b>1,726</b>	<b>30</b>	<b>1,756</b>
Mauritius	-	0.01	0.01	-	-	-	-	0.05	0.05
Namibia	-	0.1	0.1	-	0.6	0.6	-	1	1
South Africa	1.7	1,331.8	1,333.5	1,865	36	1,901	1726	29	1755
Tanzania	-	-	-	-	1.1	1.1	-	-	-
<b>Oceania</b>	<b>184.7</b>	<b>104.8</b>	<b>289.5</b>	<b>24.5</b>	<b>93.4</b>	<b>117.9</b>	<b>78</b>	<b>142</b>	<b>220</b>
Australia	184.3	104.5	288.8	20.8	93.2	114	78	141	219
New Zealand	0.4	0.3	0.7	3.7	0.2	3.9	-	0.5	0.5
<b>TOTAL</b>	<b>3,609.3</b>	<b>5,995.2</b>	<b>9,604.5</b>	<b>6,326</b>	<b>6,372</b>	<b>12,698</b>	<b>7,288</b>	<b>6,273</b>	<b>13,561</b>

**Table 8. Follow-on deliveries**

Country	Number of licences	Of which, licences for follow-on deliveries	Of which, new licences	Equipment
Algeria	1		1	Components, telecommunications systems
Andorra	1		1	Hunting and sport-shooting ammunition
Argentina	2	2		
Bahrain	1		1	Ammunition
Bangladesh	1		1	Training ammunition
Brazil	16	16		
Brunei	2	2		
Chile	2	2		
Egypt	2	2		
United Arab Emirates	5	4	1	Airborne radar systems
India	24	21	3	Protection clothing, sights, components
Jordan	3	1	2	Sights, weapon mounts
Kazakhstan	1	1		
Croatia	2	1	1	Components
Malaysia	6	6		
Namibia	1	1		
Oman	2	1	1	Training equipment
Pakistan	3	3		
Russia	4	4		
Saudi Arabia	3	2	1	Components, electronics
Singapore	11	11		
South Africa	8	5	3	Software, components
Thailand	9	9		
Tunisia	2	2		
Uruguay	1		1	Hunting and sport-shooting ammunition

**Table 9. Licences for manufacturing rights issued to foreign companies in 2009**

Country	Company	General scope
Canada	BAE Systems Bofors AB	Ammunition
Canada	Saab Bofors Dynamics AB	Ammunition

Pakistan	Saab AB, Saab Aerotech	Saab MFI 17 aircraft
United Kingdom	Exensor Technology AB	Sensor systems
United States	Vanäsverken AB	Cartridges

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**Table 10. Partnership agreements with foreign companies approved in 2009**

<b>Country</b>	<b>Company</b>	<b>General scope</b>
France, Italy, Spain, Germany	Saab AB	Sensor systems
France	Swedish Defence Research Agency	Energetic materials
United Arab Emirates	Saab AB	Reconnaissance systems
India	Saab AB, Saab Avitronics	Marketing
Canada, Netherlands	Swedish Defence Research Agency	Energetic materials
Canada, Netherlands	Swedish Defence Research Agency	Energetic materials
Norway	Saab Bofors Dynamics AB	Simulators
Pakistan	Saab AB	True life support agreements
Switzerland	Saab AB	Marketing
United Kingdom	BAE Systems Bofors AB	Ammunition
United Kingdom	Saab AB	Radar systems
United Kingdom	Saab AB, Saab Avitronics	Countermeasure systems
United Kingdom	Saab AB, Saab Aerotech	Test rigs
South Korea	Swedish Defence Research Agency	Energetic materials
South Korea	Swedish Defence Research Agency	Energetic materials
South Korea	Swedish Defence Research Agency	Energetic materials
Germany	Swedish Defence Materiel Administration	Tank 121
Germany	Saab AB	Demonstrator
United States	Swedish Defence Research Agency	Energetic materials

**Table 11. Value of actual exports during 2008-2009 by product category (million SEK)**

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Military equipment for combat purposes (MEC)		2008	2009	Other military equipment (OME)		2008	2009
Swedish military list	EU military list			Swedish military list	EU military list		
MEC1	1	-	-	OME21	1	20.1	35
MEC2	2	152.7	941	OME22	2	547.6	1,002
MEC3	3	808.4	516	OME23	3	493.2	680
MEC4	4	99.7	333	OME24	4	420.4	365
MEC5	5	135.9	1,010	OME25	5	1,878.2	1,109
MEC6	7	0.4	1	OME26	13	44.3	89
MEC7	8	186.7	203	OME27	8	0.4	-
MEC8	9	12	-	OME28	9	592	232
MEC9	10	1,860.7	1,723	OME29	10	1,232.1	1,179
MEC10	6	3,069.2	2,561	OME30	6, 17	809.6	914
MEC11	19	-	-	OME31	19	-	-
				OME32	13	-	-
				OME33	15	93.3	144
				OME34	15	-	-
				OME35	14	182.6	387
				OME36	18, 22	34	81
				OME37	21	24.4	56
<b>Total MEC</b>		<b>6,326</b>	<b>7,288</b>	<b>Total OME</b>		<b>6,372</b>	<b>6,273</b>

**Table 12. Swedish exports of small arms and light weapons in 2009 (as defined in the UN Register of Conventional Arms)<sup>1</sup>**

Category in accordance with the UN Register of Conventional Arms	
Small arms	
1. Revolvers and self loading pistols	No exports
2. Rifles and carbines	No exports
3. Sub-machine guns	No exports

<sup>1</sup> This account does not include exports of hunting and sport-shooting arms and ammunition.

4. Assault rifles	No exports
5. Light machine guns	No exports
6. Others	Small calibre ammunition has been exported to Australia, Finland, Italy, Japan, the Netherlands, Norway, Switzerland, the United Kingdom, Germany, the United States.

<b>Light weapons</b>	
1. Heavy machine guns (12.7 mm)	Exports of ammunition to Norway
2. Hand-held under-barrel and mounted grenade launchers	No exports
3. Portable anti-tank guns	No exports
4. Recoilless rifles	Recoilless grenade systems have been exported to Thailand and the United States. In addition, spare parts, components and ammunition for recoilless grenade systems have been exported to Australia, Brazil, Denmark, Estonia, Finland, Ireland, Japan, Canada, Latvia, Malaysia, New Zealand, Poland, Thailand, the Czech Republic, the United States and Austria.
5. Portable anti-tank missile launchers and rocket systems	Anti-tank weapons have been exported to Finland, Lithuania and the United Kingdom. In addition, spare parts and components have been exported to Finland, Ireland and the United States.
6. Mortars of calibres less than 75 mm	No exports
7. Other	No exports

**Table 13. Decisions on approved re-exports of Swedish military equipment**

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During 2009, the ISP has received the following applications for re-export of Swedish military equipment, which have all been approved.

<b>Application from</b>	<b>Application from</b>	<b>Destination</b>
Norway (two cases)	Heavy vehicles (OME30)	Civilian private customers in Norway
Estonia	Tracked carriers (OME30)	Other central government agency in the country
Estonia	Vehicle (OME30)	Other central government agency in the country

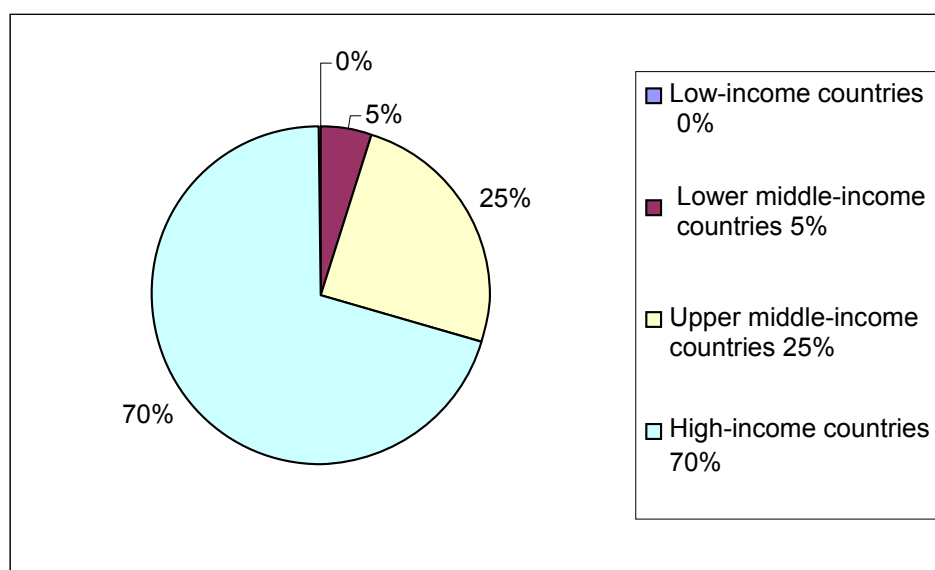
**Table 14. Swedish exports in 2009 of MANPADS (Man-Portable Air Defence Systems) as defined in the UN Register of Conventional Arms**

MANPADS (fire units, missiles, spare parts, etc.) for a total value of SEK 417.4 million were exported to Australia, Finland, Pakistan, Singapore and the Czech Republic.



**Table 15. Exports of military equipment in 2009 broken down by country according to income<sup>2</sup>**

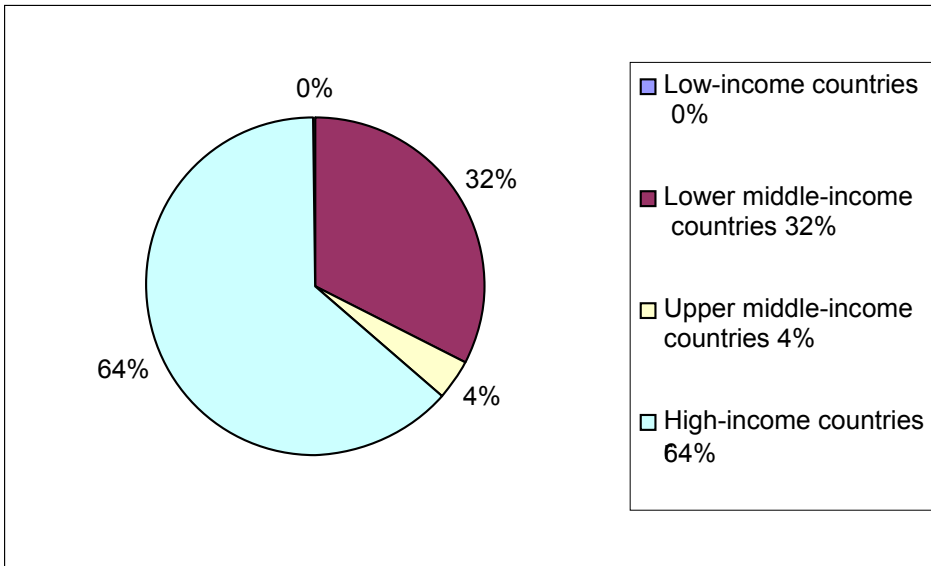
**Export of military equipment for combat purposes (MEC)**



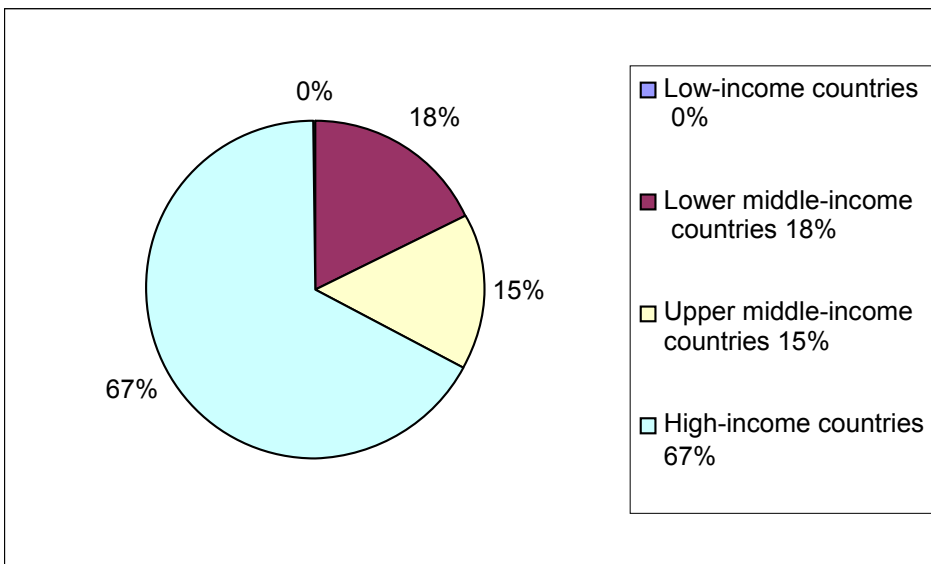
<sup>2</sup> Country groupings are based on the World Bank's country classification by economic status. A complete list of country groupings can be found at the website <[www.worldbank.org](http://www.worldbank.org)>. The countries that Sweden exports military equipment to or has granted an export licence to in 2009 comply with the grouping: **High-income countries:** Australia, New Zealand, Saudi Arabia, United Arab Emirates, Bahrain, Singapore, Republic of Korea, Japan, Canada, the United States, Norway, Iceland, Austria, Germany, the United Kingdom, Spain, Slovenia, Portugal, New Caledonia (FR), the Netherlands, Italy, Ireland, Greece, France, Finland, Denmark, Belgium, Estonia, Switzerland, Oman, Hungary, the Czech Republic, Slovakia, Brunei, Croatia. **Upper middle-income countries:** Mauritius, South Africa, Malaysia, Chile, Mexico, Russia, Romania, Poland, Lithuania, Latvia, Bulgaria, Brazil, Turkey, Kazakhstan, Namibia. **Lower middle-income countries:** Egypt, Thailand, Indonesia, Ukraine, India, Jordan, Tunisia, Pakistan. **Low-income countries:** No exports in 2009.

**Table 16. Exports of other military equipment (OME)**

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**Table 17. Total exports**



**Table 18. Exporting companies in 2009****Companies with exports of more than SEK 10 million (million SEK)**

<b>Company</b>	<b>MEC</b>	<b>OME</b>	<b>Total</b>
BAE Systems Hägglunds AB	2,561	834	3,395
Saab Bofors Dynamics AB	1,734	1,044	2,778
Saab AB, Saab Aerosystems	1,879	136	2,015
Saab AB, Saab Microwave Systems	473	810	1,283
Saab AB, Saab Surveillance Systems		1,015	1,015
BAE Systems SWS Defence AB		608	608
Saab AB, Saab Systems	92	225	317
FFV Ordnance AB		289	289
Nammo Vanäsverken AB	278	4	282
BAE Systems Bofors AB	16	231	247
Kockums AB		232	232
Norma Precision AB	8	182	190
EURENCO Bofors AB	181		181
Saab AB, Saab Avionics		180	180
Saab Training Systems AB		102	102
Exensor Technology AB		88	88
Scania CV AB		66	66
Saab Barracuda AB		36	36
Nammo LIAB AB		34	34
N. Sundin Dockstavarvet AB	30		30
Polyamp AB		26	26
Volvo Aero AB		26	26
FMV Försäljning & Export	24		24
Aimpoint AB		20	20
Saab Underwater Systems AB		15	15
VO Vapen AB		14	14
Saab AB, Saab Aerotech		13	13

**The following companies made exports valued at between SEK 1 million and SEK 10 million in 2009:**

MSE Weibull AB, Nammo Vingåkersverken AB, FLIR Systems AB, Befyraem Technologies AB (B4M), Norabel Ignition Systems AB, Ericsson AB, Airsafe Sweden AB, Taiga AB, Degerfors Formnings AB, Swedish Defence Materiel Administration (transport), Åkers Krutbruk Protection AB, PartnerTech Karlskoga AB, Loxitec AB, Comtri AB, Scanjack AB.

**A number of companies made exports valued at less than SEK 1 million in 2009:**

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Schill Reglerteknik AB, Karlskoga CNC Quality AB, Ekenäs Mekaniska AB, New Pac Safety AB, Trelleborg Sigma AB, Applied Composites AB, Filtrator Värme & Vent AB, Waltreco AB, Rhino Bullets, Vallrud Vision Sweden, CNC Process i Hova AB, Bössmakaren Hans Englund AB, Stalons Svarv & Svets AB.

**Table 19. Categories of defence-related products – the EU and Swedish lists; an approximate comparison**

EU military list	Swedish military list (MEC)	Swedish military list (OME)	General scope of arms category
1	1	21	Small-calibre barrel weapons
2	2	22	Howitzers, grenade launchers, anti-tank weapons
3	3	23	Ammunition
4	4 7 c (part)	24	Missiles, rockets, torpedoes, bombs
5	5	25a-b,d	Firing control equipment
6	10	30a-c,e	Combat vehicles, ground vehicles
7	6	26a(del),b	NBC weapons
8	7	27	Gunpowder and explosives
9	8	28	Warships, submarines, surveillance vessels
10	9	29	Combat aircraft, other aircraft designed for military use
11		33 part of MEC4,10, OME28,33	Electronic equipment
12			High-speed weapons with kinetic energy
13		26a (part), c-d	Armour or protective equipment
14		35	Training equipment
15		34	Photographic and countermeasure equipment
16			Forged pieces, castings, unprocessed products
17	10 (part)	25c, 30d	Other equipment and materials
18		36a-b	Manufacturing equipment
19	11	31	Directed energy weapon system
20			Cryogenic and superconductor equipment
21		37	Software
22		36c	Technology
		32	Fortifications
	Annex	C	List of products/substances subject to declaration requirement

Table 8. Comparison between the EU and Swedish military lists (Regulation 1992:1303)

## Annex 2 The Swedish Agency for Non-proliferation and Export Controls on significant trends in Swedish and international export control

The following text is a contribution from the ISP (the Swedish Agency for Non-Proliferation and Export Controls), where the agency presents its view on important trends in Swedish and international export control during 2009.

### Trends in Swedish and international export control

#### **Summary**

The proliferation of weapons of mass destruction is one of the most serious threats the world faces. Ultimately, Swedish export control on dual-use products is intended to impede such proliferation, mainly by ensuring that Swedish products do not end up in the wrong hands. Efficient product control will continue to serve as the basis for Swedish export control, although the trend is towards an increased focus on end use control. Global licences will allow the ISP to devote more time to dealing with difficult cases but also impose new requirements on the industry. One step towards strengthening Swedish export control is increased inter-agency coordination in the area of non-proliferation initiated by the ISP through the setting up of a coordinating council at the senior authority level.

In 2009, the value of defence equipment exported from Sweden totalled approximately SEK 13.5 billion. Exports reflected a pattern similar to that of previous years, that is, exports to EU member states (including Norway and Switzerland) and states with which Sweden has well-established co-operation (Australia, Japan, Canada, South Africa, South Korea and the United States) were dominant. A number of factors are expected to affect export control of defence equipment over the next few years. Principal among these is the coming into force of the directive on the transfer of defence equipment within the EU and the approaching negotiations on an Arms Trade Treaty. Since the introduction of the current legislation, the development of customary practice has taken place against the background of the new global threats to Sweden's security and the Swedish Armed Forces' equipment supply strategy, in which the Government stresses the importance of international equipment collaboration.

An overarching problem identified by the ISP regarding export control for both dual-use and military equipment is its undermining by the lack of consequences for companies and individuals who violate export control. This obstructs the ISP's work and, in the long term, risks endangering Swedish security and foreign policy.

## **Introduction**

The struggle against the proliferation of weapons of mass destruction (WMD) is a central component in both Swedish and EU foreign and security policy. In the Statement of Government policy in foreign affairs, Minister for Foreign Affairs Carl Bildt affirmed that the proliferation of WMD is one of the most serious threats faced by the world and that international efforts to impede this proliferation must be stepped up inter alia by maintaining and reinforcing the non-proliferation regimes. Naturally, this requires a strong commitment at the central political level, but where Sweden's responsibility to live up to its undertakings at a practical level is concerned, the ISP plays a key role. The ISP's assignment is to ensure that Swedish industry, brokers and research institutions do not contribute to the proliferation of WMD by export of dual-use products or technologies to states or non-state actors with WMD ambitions. In such instances, the ISP's responsibility does not stop at identifying such actors and preventing them from making purchases from Sweden, but includes identifying possible front companies and intermediaries in third countries, raising the awareness of Swedish companies, financial and research institutions, participating in the EU export control support programme for third countries and contributing to the continued development of international co-operation in the non-proliferation regimes and the EU.

Likewise, it is important that Swedish-produced defence equipment does not end up in countries where it may be used for aggressive purposes or to oppress the domestic population. In this context, industry's export licence applications are considered on the basis not only of the Swedish guidelines, but also the EU's Common Position on the control of exports of military technology and equipment. The licence approval process shall also take into account changes in defence, security and foreign policy, such as Government Defence Bill formulations regarding the importance of international co-operation and the Government Communication regarding Sweden's policy for sustainable development.

Given these points of departure, 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**

### *Background*

Export control of dual-use products 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 - primarily in terms of their possible use in the development and production of WMD. For Swedish export controls on dual-use products, this is based on the list in Annex 1 to Council Regulation (EC) 428/2009. This list includes comprises the control lists determined by the international control regimes; the Wassenaar Arrangement (WA), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers' Group (NSG), the Australia Group (AG) and by the Chemical Weapons Convention (CWC).

Taking end use as the basis entails the ISP knowing or suspecting that a product will be used in military/WMD 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 the above-mentioned EC Regulation, the ISP is also 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 weapons of mass destruction programme ("catch-all"). In order for the ISP to be able to manage export controls efficiently - and the catch-all instrument in particular - close collaboration between the ISP, the Swedish Customs, SÄPO, MUST, FRA and FOI is of key importance.

In recent years, the ISP has developed the forms and procedures for global licences. Such licences are broad licences granted to companies with a well-developed internal control programme. Thanks to the global licences, resources are freed at the ISP that can then be used to manage 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 controls is ensured through the supervision of the companies' internal control programmes by the ISP.

#### *The current situation*

The number of enquiries regarding the conditions for a particular export (advance notifications) has increased sharply in recent years. This is a consequence of the increased attention focused on North Korea and Iran's nuclear and missile programmes and the UN resolutions and EU directives that have been adopted. Traditionally, Sweden has had considerable trade with Iran, but the sanctions imposed by UN resolutions and EU Regulation (EC) 423/2007 have contributing to placing Sweden's economic ties with that country in particular focus. The sanctions target individuals and companies that are directly linked to or support Iran's nuclear activities or development of weapon carrier systems. It is prohibited to trade with them and their assets and financial resources are frozen. It is also prohibited to export to Iran products and technology included in the NSG's and MTCR's control lists. In addition, there are now licensing requirements for certain products and technologies that have not previously been subject to licence, and licensing requirements for technical assistance and appurtenant financial support. In 2009 the sanctions were further updated with restrictions being additionally tightened.

In July 2007, as the competent authority, the ISP was assigned by the Government the task of managing certain restrictive measures against the Democratic People's Republic of Korea, Burma, Liberia and Somalia. All of these are subject to UN sanctions except Burma, which is subject to EU sanctions. These new tasks concern technical or financial assistance relating to certain activities. Product control has been expanded, financing has been placed under control and the organisations, companies and persons with whom it is prohibited to do business have been listed.

In 2009, the older dual-use regulation 1334/2000 was replaced by Regulation (EC) 428/2009 on the control dual-use products and technical assistance. The new regulation introduced certain changes with, inter alia, trans-shipments, reloading and brokering now being subject to control under certain circumstances. In addition, registration is now required for use of the general EU licence EU001. This general licence permits simplified procedures for exports to a limited number of non-EU countries.

### *The future*

Non-proliferation issues can be expected to remain in focus. Efficient product control will continue to serve as the basis for Swedish export controls while the ISP perceives an increased need to focus on end use controls. The following issues deserve particular emphasis with regard to future export controls:

#### *Increased responsibility for industry*

Increasing emphasis is gradually being placed on industry's knowledge of its customers and its control over how the products purchased will be used. 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 and companies must provide guarantees that the exported products really will be used in the intended way at the designated facilities. 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 controls at the companies. One means of carrying out this work is to utilise and guide the companies' quality processes and to monitor these during inspection visits. In this context, the ISP's supervisory activity will grow even more extensive and important.

#### *End use control*

Enquiries regarding exports to particular end users, and consequently potential applications of the catch-all clause, will increase as a result of the information efforts being directed at industry and academic institutions by the Swedish Customs, the Swedish Security Service and the ISP in collaboration. Export controllers at exporting companies will have to work similarly to the Board of Customs, stopping and checking consignments. If they notice that a planned delivery deviates from the normal pattern in one way or another, they should stop it. The export controller can then seek advice, support and possibly a decision from the ISP. Part of the companies' increased self-control is also that all staff should be aware of export controls and the risks of proliferation.

Any purchases via front organisations in third countries represent an additional factor. To counteract purchases of this kind, increased knowledge is needed regarding trade routes, in turn requiring development of international contacts and improved intelligence.

#### *Product-end user-financing controls*

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 controls involves a new approach, which can be expected to be applied to an increasing extent in the next few years. One consequence of export financing also being subject to controls is that banks and other financial institutions frequently require export control undertakings from exporters before providing financial guarantees for the export.

#### *Coordination between authorities*

In 2008, at the Government's request, the ISP submitted a proposal as to how national inter-agency coordination on non-proliferation could be strengthened. The Government agreed with the agency's proposal and gave the ISP responsibility for coordination. Previous inter-agency coordination focused primarily on the operational level, but to strengthen coordination, the ISP initiated a coordinating council at the senior agency level. The council's task is to coordinate priorities and the allocation of resources at each agency in the area of non-proliferation. A particular challenge for the ISP involves dealing with the effects of the new radio intelligence legislation, since the agency no longer has the possibility of directing efforts by the Swedish Defence Radio Centre. This can have serious consequences for Swedish non-proliferation efforts.

## Military equipment – exports and international co-operation

### *Exports of military equipment 2009*

In 2009, Sweden exported military equipment corresponding to a value of approximately SEK 13.5 billion, representing an increase of slightly more than 7 per cent compared with 2008 (SEK 12.7 billion). Over the year, licences were issued for exports to 52 countries. Licences for exports of hunting and sport shooting ammunition only were issued for a further six countries.

Exports in 2009 reflected a trend similar to that of recent years with exports to EU member states and a limited number of well-established partner countries dominating. Exports of military equipment to the EU – including Switzerland and Norway – amounted to slightly less than SEK 7.2 billion (53 per cent of total exports) compared with SEK 7.4 billion (59 per cent) in 2008. The five largest recipients of Swedish military equipment in 2009 were the Netherlands (SEK 2.5 billion), South Africa (SEK 1.7 billion), Pakistan (SEK 1.4 billion), Finland (SEK 1.0 billion) and the United Kingdom (SEK 0.9 billion). Exports to the Nordic countries amounted to SEK 1.7 billion (13 per cent). India, the United States, Germany, France, Singapore and Greece were also significant purchasers of Swedish military equipment.

The division between other military equipment (OME) and military equipment for combat (MEC) in 2009 favoured MEC slightly (54 per cent). This was attributable to deliveries of JAS 39 Gripen aircraft to South Africa, Combat Vehicle 90 to the Netherlands and the NLAW anti-tank system to Finland.

It is worth noting in this context that exports of MEC-classified products went almost exclusively to the EU (SEK 4.25 billion) and established recipient countries such as South Africa, the United States,

Canada, Australia, Japan and the Republic of Korea (SEK 2.62 billion). The value of MEC-classified exports to these countries totalled SEK 6.9 billion, accounting for 95 per cent of total MEC exports.

Exports to the largest purchasing countries in Asia, that is, India, Pakistan and Singapore, largely involved follow-on deliveries for previously ordered equipment, including the howitzer system delivered to India in the 1980s and deliveries to Singapore of maintenance, upgrades and supplementary naval orders. Deliveries to Pakistan consisted of the Erieye airborne reconnaissance radar system and spare parts for previously delivered equipment.

With regard to light weapons, it can be noted that the value of exports of the Carl Gustaf recoilless grenade system, AT 4 anti-tank grenade launchers and the new NLAW anti-tank weapon amounted to SEK 1.4 billion. Of this amount, almost SEK 1 billion is accounted for by exports of the NLAW system to Finland and the United Kingdom. The other most important recipient countries were the United States, Australia, Canada, India and Denmark.

#### *International collaboration*

The Government established in its bill 2004/05:5 Our future defence that Sweden's international equipment collaboration should be focused on the countries that can best meet our national needs for expertise in the future provision of equipment. The countries indicated were those within the six-nation initiative (FA/LoI), those being, apart from Sweden, France, Italy, Spain, the United Kingdom, and Germany, as well as the Nordic countries and the United States. Similarly, the Government bill for the period 2010-2014 (Gov. Bill 2008/09:140 A functional defence) stipulates that, regarding the future supply of military equipment to the Swedish Armed Forces, opportunities for international co-operation should be examined regardless of procurement format.

The Swedish aspiration for international equipment co-operation is also in line with the European co-operation aspirations expressed through the establishment of the European defence equipment agency, EDA. It is the Government's assessment that the Swedish defence and security industry will benefit from a more open and efficient defence equipment market, which would be larger and offer more equitable terms of competition. The Government has also decided to establish a new agency in 2010 to support the export efforts of the Swedish defence industry and to shoulder responsibility for sales of equipment no longer used by the Swedish Armed Forces. Exports of such equipment are subject to the same regulations as exports by the defence industry. Consequently, the ISP assumes that a close dialogue will be established between itself and the new agency.

In May 2009, an EU directive was adopted aimed at facilitating trade in defence equipment between EU member states. The member states must have their national implementing legislation in place by June 2011. The directive introduces general licences for transfers of defence equipment - primarily components - between EU member states. In addition, a certification process will be introduced for certain defence industries (known as systems integrators). The directive also topicalises the issue of Sweden's application of the EU military list. This would

entail, inter alia, that service exports (technical assistance) is also made subject to controls. An important task ahead of the directive coming into force involves determining what components are of such a nature that they can be transferred under general licences.

The ISP has applied the EU's Code of Conduct in its consideration of licence applications since 1998. With the Code having been adopted as a Common Position in December 2008, it has become legally binding. The Common Position affirms that the member states are determined to prevent exports of defence equipment that could be used for domestic oppression, international aggression or that could contribute to regional instability. Furthermore, it establishes states' right to self defence in accordance with Article 51 of the Charter of the United Nations. Applications for export licences shall be considered from case to case on the basis of eight criteria involving, inter alia, the recipient state's respect for human rights and humanitarian law, the risk that an export could contribute to or trigger an internal conflict, the risk of aggression against another nation and the risk of unlicensed re-export. The compatibility of an export with the level of development of the purchasing country shall also be assessed. The Common Position is a step towards a common European view on defence equipment exports. However, the different defence and security policy assessments conducted by each member state mean that the application of the Common Position can vary.

An additional factor that is expected to affect Swedish export controls of defence equipment is the process that has now been initiated regarding an international Arms Trade Treaty (ATT). Negotiations on the formulation of such a treaty will culminate in a UN conference in 2012.

#### *Development of customary practice*

In accordance with the Military Equipment Act, licenses may be issued on grounds of defence or security policy and if no foreign policy impediment exists. Since these areas of policy develop over time, practices have had to adapt to take this development into account. Sweden's security scenario and the importance of international co-operation to defence policy has stood at the heart of this adaptation process. The Export Control Council expresses its view on this development on an ongoing basis.

When the Swedish Military Equipment Act came into force in 1993, security policy was still shaped by the conceptual framework of the cold war. Over the ensuing years, the view on threats to Sweden's security has gradually shifted. Today, natural disasters, terrorism, piracy or organised international crime can constitute security threats. Examples include interruptions to energy or food supplies as a consequence of disruptions to free navigation. This is an expression of the same global perspective engaging Swedish troops in Afghanistan and giving rise to Sweden's participation in the EU operation Atalanta in the shipping lanes off Somalia. Consequently, defence equipment has increasingly come to be used for coastal, border and air surveillance, which in many countries falls within the responsibility of civilian authorities. Can, for example, systems originally used solely for military position assessments also fulfil civilian needs? The answer is yes, since surveillance systems, reconnaissance radar or marine systems can help counteract terrorism or

acts of piracy and can disrupt the distribution of narcotics by organised crime.

Even given the broadened areas of use for these systems, it naturally remains 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. This means that the issue of respect for human rights in the recipient state is afforded particular scope in licensing assessments. Discussions on consultation issues by the Export Control Council include background data from the Ministry for Foreign Affairs that analyse in particular the recipient country's respect for human rights, including its form of government. Thus the assessment also takes into account the recipient country's level of democratic development.

Another important factor in the assessment is the Government's emphasis on international equipment co-operation. Although the Swedish regulations remain the foundation for the ISP's assessment, possible third country exports must be considered and with the views of the partner country on exports taken into account. If this is not achieved, Sweden risks becoming an unattractive partner for foreign industry. A dialogue on these issues is in progress between the countries in the six-nation initiative, the Nordic countries and the United States. Sweden has also signed agreements on export control co-operation with other key partners, such as South Africa and Australia. Against the background of growing co-operation between the Swedish and South Korean (ROK) defence industries, an initial dialogue was held with the ISP's sister agency in Korea in 2009.

In its licensing assessments, the ISP must also take into account changes taking place in Sweden's foreign policy. An example of this is Sweden's policy on global development, established in Government Bill 2002/03:122 and further elaborated in Government Communication 2007/08:89. The issue of sustainable development is also included among the criteria of the EU Common Position on arms exports.

As reported above, most Swedish exports of defence equipment go to EU member states and a limited number of other key partner countries. To the extent that questions of exports to sensitive recipients in, for example, the Middle East, South-East Asia and Africa, do arise, a thorough analysis is always made of the internal situation in the country concerned with regard to respect for human rights, relation with neighbouring countries and regional stability. In addition, an assessment is made of how the equipment in question is to be used. Thus exports of naval equipment may be permitted to a certain country with the purpose of safeguarding key trading routes while exports to the same country's land-based forces may be stopped. The ISP's assignment is to make a total assessment in which some considerations may favour a certain export being permitted while others speak against it. The Export Control Council is always consulted in more complicated cases. The same analyses and assessments are made regardless of whether the defence equipment in question is to be sold, leased or loaned.

In 2009, the Export Control Council met seven times. The Council receives continuous updates on exports of defence equipment and dual-use products. At the same time, the Council is able to discuss new or less frequent recipient countries as well as exports to countries where the political situation has fluctuated in such a way that there are special reasons to consider export prerequisites. Particular attention is paid to the extent to which the relevant equipment could be used for aggressive purposes against another country or the domestic population. Also of importance is the extent to which threats against Sweden's security have been identified. The basis for the consideration of the cases has been the Swedish Military Equipment Act and the guidelines for exports of military equipment and the EU Common Position.

The ISP has noted that, for a number of years, only a few of the companies reported for infractions of export legislation have been brought to trial. In the long term, this risks undermining Swedish export controls and it could have consequences for Sweden's security and foreign policy. In 2008, with this in mind, the ISP contacted the Swedish Prosecution Authority, which has determined that the Prosecution Office for National Security shall deal with reports submitted by the ISP. Although this is a clear improvement, even in recent cases the conclusion has been that it has not been possible to substantiate criminal intent or the infractions have been considered minor. Consequently, no prosecutions have been pursued. For this reason, the ISP has, in parallel, presented a proposal to the Government regarding the introduction of fines. These can guarantee improved adherence to Swedish legislation and have the advantage that legal entities as well as individuals can be held responsible.

The ISP's vision is: "A responsible control of strategic products – our contribution to a safer world". Given this, it was natural for the ISP to agree to arrange a workshop on export controls on defence equipment in Tbilisi in October 2009. This assignment took place during the Swedish presidency of the EU and took the EU Common Position on exports of defence equipment as its starting point. The countries that participated were Armenia, Azerbaijan, Georgia and Moldova. Correspondingly, other ISP experts participated over the year in the EU project on strengthened export controls in the area of dual-use being organised by the German authority BAFA.

### **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 this, the member states undertake to take necessary measures to control arms brokering within 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.

The licensing of brokering operations is conducted in accordance with the Military Equipment Act (1992:1300). In 2009, 29 companies were registered as brokers of military equipment.

### **Registered brokers in 2009**

ACR Aviation Capacity Resources International AB, BAE Systems SWS Defence AB, Baltic Alloys AB, CA Monitor AB, Chematur Engineering AB, Countermine Operations AB, Countermine Technologies AB, Ex & Plose AB, Fastighetsaktiebolaget Stefan Persson, FFV Ordnance AB, Gripen International AB, Gripen International KB, ISD Technologies AB, LISCO Sweden AB, Millesvik Maskin & Trading AB, Milmac Sweden AB, MP-SEC International AB, MvP Enterprises, Naverviken Logistic AB, Norabel Ignition Systems AB, Optimedia i Norr, Renajs Scandinavia AB, Rybro International Limited, SOURIAU Sweden AB, Swedish Security Technology & Innovation (SSTI), Södermanlands regementes museiförening, Trelleborg Protective Products AB, Venatio AB, W.L. Gore & Associates Scandinavia AB.

**Table 20. Approved individual brokering licences in 2009**

<b>Number</b>	<b>Value</b>	<b>Military list categories<sup>3</sup></b>	<b>Countries</b>
6	Cannot be disclosed since value is not always ascertained by the ISP	2, 4, 5, 6, 8, 14	Denmark Finland United Arab Emirates Italy

<sup>3</sup> The equipment concerned consists mainly of components, primarily to suppliers in co-operative projects.

## Annex 4 Swedish exports of dual-use products

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 with controls only when justified. In the most sensitive nuclear area, a large part of trade 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. For other dual-use products and technologies (the predominant portion) licences are required only for trade with third countries. Export of other dual-use products to certain countries, such as the United States, are usually covered by general licences.

Trade in dual-use products within the EU is thus 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 Council Regulation (EC) 428/2009.

### General licences

There are two kinds of general licence, those that apply in accordance with the EU regulations (detailed in Annex II of Council Regulation (EC) No. 428/2009), and the national Swedish general licence (included in the statutes of the Swedish Customs TFS 2000:24 and amended by TFS 2004:35).

The EU general licence (EU 001) covers products listed in Annex I of EU Regulation 428/2009. This licence applies for exports to Australia, the United States, Japan, Canada, New Zealand, Norway and Switzerland.

The national Swedish general licence covers a large number of products controlled in accordance with the Wassenaar Arrangement's list and applies to 42 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.

These general licences apply without the need for applications to be submitted. Exporters intending to export products covered by these licences to approved countries shall inform the relevant authorities on their first application of the EU general licence at the latest 30 days after the date on which the first export took place.

The catch-all clause also applies in cases where exporters wish to use general licences. A general licence may not be used if the exporter has been informed by Swedish authorities that the products concerned may in part or in their entirety be intended for use in connection with, for example, the development or proliferation of weapons of mass destruction as defined under Articles 4.1-4.3 of the EU Regulation or if the exporter concerned is aware that the products are intended for such purposes. According to Article 4.2 of the EU Regulation, special rules also apply in cases where the recipient country is subject to an arms embargo.



Global licences are associated with a particular company and can cover an unlimited quantity of defined products. The formulation of global licences varies depending on considerations such as the company's needs and the level of sensitivity of the products. Some apply to a single recipient, others to several countries and recipients. Global licences are only issued for civilian end use. These licences can be valid for several years. Most global licences issued cover products controlled in accordance with the Wassenaar Arrangement list.

To obtain a global licence, the company must have a documented and inspected export control organisation. The licence is also subject to conditions, for example, that the exporter must secure undertakings regarding end use to avoid the risk of the products being re-exported to undesirable destinations.

**Individual licences**

Individual licences generally only cover a particular contract that an exporter has with a customer. A careful assessment is carried out and a licence is granted only in cases where there is not considered to be any risk that the product will be mis-used for the production of weapons of mass destruction or military equipment. For military end use, the same grounds for assessment are applied as for exports of other military equipment.

**Table 21. Number of export applications received for dual-use products 2007-2009**

<b>Export cases</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Total</b> , export licences, global and individual, of which:	508	491	786
The Wassenaar Arrangement	277	291	406
The Missile Technology Control Regime	5	4	1
Nuclear Suppliers Group (Part 2)	11	9	49
The Australia Group	190	187	227
Sanctions	25	39	83
Uncontrolled products			20

**Table 22. Number of approved individual licences for permanent export of dual-use products in 2009**

Country	Control regime	Number
Albania	WA	1
Algeria	WA	5
United States	AG	2
Argentina	AG, WA	3
Azerbaijan	AG	1
Bahrain	AG, WA	3
Bosnia-Herzegovina	WA	1
Brazil	AG, WA	30
Chile	AG, WA	4
Colombia	AG, WA	3
Egypt	AG, WA	6
Equatorial Guinea	AG	1
Côte d'Ivoire	WA	1
Philippines	AG, WA	3
French Polynesia	WA	1
United Arab Emirates	AG, NSG, WA	9
Guatemala	WA	1
Honduras	AG	1
Hong Kong, China	WA	3
India	AG, NSG, WA	65
Indonesia	AG, NSG, WA	9
Iraq	NSG	1
Iran	AG, NSG, sanctions	89
Iceland	AG	3
Israel	AG, NSG, WA	17
Jordan	AG	4
Kazakhstan	WA	1
China, People's Republic	AG, NSG, WA	87
Congo, Democratic Republic	WA	1
Korea, Republic	AG, NSG, WA	30
Kuwait	AG, NSG, WA	4
Lebanon	AG	1
Libya	AG	1
Macau	WA	1
Malaysia	AG, NSG, WA	17
Mexico	AG, WA	9
Namibia	AG	1
Nigeria	AG, WA	3
Oman	AG, NSG,	6
Pakistan	WA	3
Panama	AG, WA	2
Qatar	AG, NSG, WA	4
Rwanda	WA	1
Russia	AG, NSG, WA	33
Saudi Arabia	AG, NSG, WA	7
Serbia	WA	2

Singapore	AG, WA	13
South Africa	AG, WA	4
Taiwan	AG, NSG, WA	14
Thailand	AG, WA	25
Trinidad and Tobago	WA	1
Tunisia	WA	5
Turkey	AG, NSG, WA	12
Ukraine	AG	2
Uruguay	WA	2
Venezuela	WA	1
Vietnam	NSG	2

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**Table 23. Number of advance notifications and enquiries about uncontrolled products in 2009**

	2005	2006	2007	2008	2009
Total number of advance notifications issued	61	64	118	81	89
Of which, enquiries regarding uncontrolled products		50	103	93	57

**Table 24. Number of applications concerning requests for advance notifications – controlled and uncontrolled products in 2009**

Country	Uncontrolled products		Controlled products			Total
	No action taken	"Catch-all" denial	"Catch-all" licence requirement	Listed product, positive	Listed product, denial	
Bahrain				1		1
Cyprus				1		1
United Arab Emirates				1		1
India	4	1	1	5	2	13
Iraq	1					1
Iran	1 8	10	12	1	1	42
Israel	2				1	3
Kazakhstan	1					1
China	2			6		8
Macau				1		1
Malaysia				1		1

North Korea		1				1
Oman				1		1
Pakistan				1		1
Russia				2		2
Saudi Arabia				2		2
Singapore				1		1
Sudan	1					1
Syria	1					1
Thailand				1		1
Turkey				1		1
Ukraine	1					1
Uruguay				1		1
United States	1					1
Vietnam				1		1
<b>Total</b>	3	12	13	28	4	89

**Table 25. Number of classification enquiries received 2007-2009**

<b>2007</b>	<b>2008</b>	<b>2009</b>
142	177	160

### Activities at the Swedish Radiation Safety Authority

In the nuclear area, a large part of trade is to EU member states. All trade outside the EU is subject to licence. The relevant products and technologies are listed in Annex IV of Council Regulation (EC) No. 428/2009. General licences may not be used.

**Table 26. Export licences granted for products on NSG's list 1 from companies in Sweden to recipient country (Source: Swedish Radiation Safety Authority)**

<b>Recipient country</b>	<b>2007 Exporting companies, number of licences</b>	<b>2008 Exporting companies, number of licences</b>	<b>2009 Exporting companies, number of licences</b>
Finland	Westinghouse, 2	Westinghouse, 1	Westinghouse, 2
France	Uppsala University, 1		Westinghouse, 1
Iceland			Svenska Tanso, 1
Japan	Westinghouse, 3 Sandvik, 1	Westinghouse, 2	Sandvik, 1 Westinghouse, 3
Canada			The Royal Institute of Technology, 1
Malaysia	Svenska Tanso, 1		Svenska Tanso, 1
Netherlands	Studsvik, 1		
Norway	Westinghouse, 3 Studsvik, 3 Wedholm Medical, 1	Westinghouse, 1 Studsvik, 1 Wedholm Medical, 1	Studsvik, 1 Wedholm Medical, 3 Westinghouse, 2
Switzerland	Westinghouse, 3	Westinghouse, 1	Westinghouse, 3
Spain	Westinghouse, 2	Westinghouse, 4	Sandvik, 2 Westinghouse, 3
South Africa	Westinghouse, 2		
Germany	Wedholm Medical, 3 Westinghouse, 1	Westinghouse, 1 Wedholm Medical, 2	Wedholm Medical, 1

<b>Recipient country</b>	<b>2007 Exporting companies, number of licences</b>	<b>2008 Exporting companies, number of licences</b>	<b>2009 Exporting companies, number of licences</b>
		Vattenfall Nuclear Fuel AB, 1	
Germany, France, Spain	Uddcomb Engineering, 1		Areva NP Uddcomb, 1
Ukraine	Westinghouse, 1	Westinghouse, 1	Westinghouse, 1
United States	Westinghouse, 27 Studsvik, 1	Westinghouse, 14 Studsvik, 1	GE Hitachi, 1 Svenska Tanso, 1 Westinghouse, 17
USA – Taiwan		Westinghouse, 1	
EU			Westinghouse, 1

### Military Equipment Act

The production and export of military equipment are governed by the Military Equipment Act (1992:1300) and the Military Equipment Ordinance (1992:1303). Both statutes came into effect on 1 January 1993.

The Military Equipment Act stipulates that military equipment may not be exported without a licence. Licences are also required for all international defence industry co-operation. International co-operation denotes export sales or other provision of military equipment or services (including transfers and brokering). The concept also covers concessions or transfers of production rights, agreements with foreign parties to jointly or at that party's expense develop military equipment or methods for the production of such equipment or to jointly produce military equipment. Finally, with certain exceptions, a licence is required to carry out training with a military purpose.

Military equipment is broken down into two categories: military equipment for combat purposes (MEC) and other military equipment (OME). Rules governing what equipment is included in the two categories are provided in the Military Equipment Ordinance. The MEC category includes equipment with a destructive impact including sights for such equipment and firing control equipment. The OME category includes parts and components for MEC, as well as equipment that does not have a directly destructive impact in a combat situation.

Council Regulation (EC) No. 428/2009 setting up a Community regime for the control of exports of dual-use items and technology requires, in certain cases, export licences for products not included in the concept of military equipment but that are associated with exported military equipment.

Up until 31 January 1996, decisions regarding export licences were made by the Government. Since 1 February 1996, decisions on export cases are normally made by the ISP, except those deemed to be of principal importance or otherwise particularly important, which are to be referred to the Government for decision.

### Swedish guidelines for exports of military equipment and other co-operation with foreign partners

In accordance with Section 1, Paragraph 2 of the Military Equipment Act, licences for exports of military equipment are only granted if they are justified for security or defence reasons and do not conflict with Sweden's foreign policy. The principles applied when examining licence applications have been elaborated through Government practice and are detailed in the Government Guidelines for the Exportation of Military Equipment and Other Forms of Collaboration Abroad (cf. Gov. Bill

### **Overriding and assessment criteria**

The guidelines have broad parliamentary support and are applied by the ISP when assessing export licence applications in accordance with the Military Equipment Act and the Military Equipment Ordinance.

The EU Common Position on arms exports is applied in parallel with the Swedish guidelines.

The guidelines contain two overriding criteria for granting licences under the law, namely that collaboration with other countries is considered necessary to fulfil the Swedish Armed Forces' equipment or know-how needs or is otherwise desirable for reasons of national security, and that collaboration is not in conflict with the principles and aims of Swedish foreign policy. These overriding criteria may be considered as an expression of section 1, paragraph 2 of the Military Equipment Act.

The guidelines also define the factors that should be taken into consideration in the assessment of individual applications. A basic requirement is that all relevant circumstances in a particular case shall be considered, whether or not they are expressly mentioned in the guidelines. These assessment criteria also apply to collaboration with persons or companies abroad relating to the development or manufacture of military equipment.

The guidelines emphasise in particular the importance that should be attached to the respect for human rights in the recipient country when assessing export applications from a foreign policy point of view. The human rights situation in the recipient country must always be taken into consideration, even in cases involving the export of equipment that in itself cannot be used to violate human rights.

### **Unconditional obstacles to export**

The guidelines specify three types of unconditional obstacles that, if present, are considered to make exports impossible. These are: resolutions of the UN Security Council, international agreements to which Sweden is party (e.g. EU sanctions) and export bans imposed under international law on exports from neutral states during war.

### **Military equipment for combat purposes and other military equipment**

In 1993, the concept of military equipment was broadened to also include certain equipment with civilian or partly civilian uses. The broadening of the concept resulted in exports that were previously uncontrolled being made subject to political assessment and included in statistics on exports of military equipment. The broadening was accompanied by the



separation of military equipment into two categories which are treated partly differently in the guidelines. Skr. 2009/10:114

For the category military equipment for combat purposes (MEC), the presumption is that export licences should not be issued if the recipient state is involved in armed conflict with another state, or in an international conflict that may lead to armed conflict, or if internal armed disturbances are taking place. A licence should be revoked if the recipient state become involved in an armed conflict or internal armed unrest should arise. However, the revocation of a licence can be waived if this is consistent with international law and with the objectives and principles of Sweden's foreign policy. Licences should not be granted for exports to a state in which extensive and serious violations of human rights occur. These are the same requirements that were applied before 1993 with the exception that previously, violations of human rights only needed to be taken into consideration if the equipment itself could be used to violate human rights. In the case of other military equipment (OME), which consists largely of products not subject to control prior to 1993 (reconnaissance radar or training simulators, for example), an export licence should be granted to countries not engaged in armed conflict with another state, not subject to internal armed disturbances and where there are no extensive and serious violations of human rights. Thus, the risk of armed conflict is a criterion not applied in assessing exports of other military equipment.

The different guidelines for military equipment for combat purposes and other military equipment mean that a greater number of countries may be considered as potential recipients of other military, i.e. non-destructive, equipment, than as recipients of military equipment for combat purposes.

### **Follow-on deliveries and "Swedish identity"**

Regarding follow-on deliveries it is stated in the guidelines that "licences should be granted for exports of spare parts for equipment exported previously with the requisite licence, unless an unconditional obstacle exists. The same applies to other deliveries of, for example, ammunition, linked to previous exports of equipment, or otherwise in cases where licence denial would be unreasonable".

In the case of collaboration with parties abroad, exports to third countries should be assessed in accordance with the Swedish guidelines if the product has a predominantly Swedish identity. If the product has a predominantly foreign identity, or if Sweden has a strong defence policy interest in cooperation, the export rules of the cooperating country may be applied to exports from that country.

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-authorised 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. Skr. 2009/10:114

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.

## **EU Common Position Defining Common Rules Governing the Control of Exports of Military Technology and Equipment**

The Council Common Position 2008/944/CFSP of 8 December 2008 on defining common rules governing the control of exports of military technology and equipment has the following content (OJEC L 335, 13.12.2008, page 99):

THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty of the European Union, and in particular Article 15 thereof, Whereas:

(1) Member States intend to build on the Common Criteria agreed at the Luxembourg and Lisbon European Councils in 1991 and 1992, and on the European Union Code of Conduct on Arms Exports adopted by the Council in 1998.

(2) Member States recognise the special responsibility of military technology and equipment exporting States.

(3) Member States are determined to set high common standards which shall be regarded as the minimum for the management of, and restraint in, transfers of military technology and equipment by all Member States, and to strengthen the exchange of relevant information with a view to achieving greater transparency.

(4) Member States are determined to prevent the export of military technology and equipment which might be used for internal repression or international aggression or contribute to regional instability.

(5) Member States intend to reinforce cooperation and to promote convergence in the field of exports of military technology and equipment within the framework of the Common Foreign and Security Policy (CFSP).

(6) Complementary measures have been taken against illicit transfers, in the form of the EU Programme for Preventing and Combating Illicit Trafficking in Conventional Arms.

(7) The Council adopted on 12 July 2002 Joint Action 2002/589/CFSP on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons (1).

(8) The Council adopted on 23 June 2003 Common Position 2003/468/CFSP (2) on the control of arms brokering.

(9) The European Council adopted in December 2003 a strategy against the proliferation of weapons of mass destruction, and in December 2005

a strategy to combat illicit accumulation and trafficking of SALW and their ammunition, which imply an increased common interest of Member States of the European Union in a coordinated approach to the control of exports of military technology and equipment.

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(10) The UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects was adopted in 2001.

(11) The United Nations Register of Conventional Arms was established in 1992.

(12) States have a right to transfer the means of self-defence, consistent with the right of self-defence recognised by the UN Charter.

(13) The wish of Member States to maintain a defence industry as part of their industrial base as well as their defence effort is acknowledged. 13.12.2008 EN Official Journal of the European Union L 335/99 (1) OJ L 191, 19.7.2002, p. 1. (2) OJ L 156, 25.6.2003, p. 79.

(14) The strengthening of a European defence technological and industrial base, which contributes to the implementation of the Common Foreign and Security Policy, in particular the Common European Security and Defence Policy, should be accompanied by cooperation and convergence in the field of military technology and equipment.

(15) Member States intend to strengthen the European Union's export control policy for military technology and equipment through the adoption of this Common Position, which updates and replaces the European Union Code of Conduct on Arms Exports adopted by the Council on 8 June 1998.

(16) On 13 June 2000, the Council adopted the Common Military List of the European Union, which is regularly reviewed, taking into account, where appropriate, similar national and international lists (1).

(17) The Union must ensure the consistency of its external activities as a whole in the context of its external relations, in accordance with Article 3, second paragraph of the Treaty; in this respect the Council takes note of the Commission proposal to amend Council Regulation (EC) No 1334/2000 of 22 June 2000 setting up a Community regime for the control of exports of dual use items and technology (2),

HAS ADOPTED THIS COMMON POSITION:

#### *Article 1*

1. Each Member State shall assess the export licence applications made to it for items on the EU Common Military List mentioned in Article 12 on a case-by-case basis against the criteria of Article 2.

2. The export licence applications as mentioned in paragraph 1 shall include:

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- applications for licences for physical exports, including those for the purpose of licensed production of military equipment in third countries,
- applications for brokering licences,
- applications for ‘transit’ or ‘transshipment’ licences,
- applications for licences for any intangible transfers of software and technology by means such as electronic media, fax or telephone.

Member States’ legislation shall indicate in which case an export licence is required with respect to these applications.

#### *Article 2*

#### **Criteria**

1. Criterion One: Respect for the international obligations and commitments of Member States, in particular the sanctions adopted by the UN Security Council or the European Union, agreements on non-proliferation and other subjects, as well as other international obligations.

An export licence shall be denied if approval would be inconsistent with, *inter alia*:

(a) the international obligations of Member States and their commitments to enforce United Nations, European Union and Organisation for Security and Cooperation in Europe 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 commitment of Member States not to export any form of anti-personnel landmine;

(d) the commitments of Member States in the framework of the Australia Group, the Missile Technology Control Regime, the Zangger Committee, the Nuclear Suppliers Group, the Wassenaar Arrangement and The Hague Code of Conduct against Ballistic Missile Proliferation.

2. Criterion Two: Respect for human rights in the country of final destination as well as respect by that country of international humanitarian law.

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

(a) deny an export licence if there is a clear risk that the military technology or equipment to be exported 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 military technology or equipment, to countries where serious violations of human rights have been established by the competent bodies of the United Nations, by the European Union or by the Council of Europe; L 335/100 EN Official Journal of the European Union 13.12.2008 (1) Last amended 10 March 2008, OJ C 98, 18.4.2008, p. 1. (2) OJ L 159, 30.6.2000, p. 1.

For these purposes, technology or equipment which might be used for internal repression will include, *inter alia*, technology or equipment where there is evidence of the use of this or similar technology or equipment for internal repression by the proposed end-user, or where there is reason to believe that the technology or equipment will be diverted from its stated end-use or end-user and used for internal repression. In line with Article 1 of this Common Position, the nature of the technology or 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 Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.

— Having assessed the recipient country's attitude towards relevant principles established by instruments of international humanitarian law, Member States shall:

(c) deny an export licence if there is a clear risk that the military technology or equipment to be exported might be used in the commission of serious violations of international humanitarian law.

3. Criterion Three: Internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.

Member States shall deny an export licence for military technology or equipment which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.

4. Criterion Four: Preservation of regional peace, security and stability.

Member States shall deny an export licence if there is a clear risk that the intended recipient would use the military technology or equipment to be exported aggressively against another country or to assert by force a territorial claim. When considering these risks, Member States shall 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) the likelihood of the military technology or equipment being 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.

5. Criterion Five: 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 shall take into account:

- (a) the potential effect of the military technology or equipment to be exported on their defence and security interests as well as those of Member State and those of friendly and allied countries, while recognising 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 military technology or equipment concerned against their forces or those of Member States and those of friendly and allied countries.

6. Criterion Six: 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 shall take into account, *inter alia*, the record of the buyer country with regard to:

- (a) its support for or encouragement of terrorism and international organised crime;
- (b) its compliance with its international commitments, in particular on the non-use of force, and with international humanitarian law;
- (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.

7. Criterion Seven: Existence of a risk that the military technology or equipment will be diverted within the buyer country or re-exported under



In assessing the impact of the military technology or equipment to be exported on the recipient country and the risk that such technology or equipment might be diverted to an undesirable end-user or for an undesirable end use, the following shall be considered:

- (a) the legitimate defence and domestic security interests of the recipient country, including any participation in United Nations or other peace-keeping activity;
- (b) the technical capability of the recipient country to use such technology or equipment;
- (c) the capability of the recipient country to apply effective export controls;
- (d) the risk of such technology or equipment being re-exported to undesirable destinations, and the record of the recipient country in respecting any re-export provision or consent prior to re-export which the exporting Member State considers appropriate to impose;
- (e) the risk of such technology or equipment being diverted to terrorist organisations or to individual terrorists;
- (f) the risk of reverse engineering or unintended technology transfer.

8. Criterion Eight: Compatibility of the exports of the military technology or equipment with the technical and economic capacity of the recipient country, taking into account the desirability that states should meet their legitimate security and defence needs with the least diversion of human and economic resources for armaments.

Member States shall take into account, in the light of information from relevant sources such as United Nations Development Programme, World Bank, International Monetary Fund and Organisation for Economic Cooperation and Development reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They shall consider in this context the recipient country's relative levels of military and social expenditure, taking into account also any EU or bilateral aid.

#### *Article 3*

This Common Position shall not affect the right of Member States to operate more restrictive national policies.

#### *Article 4*

1. Member States shall circulate details of applications for export licences which have been denied in accordance with the criteria of this

Common Position together with an explanation of why the licence has been denied. 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 shall 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 shall notify the Member State or States issuing the denial(s), giving a detailed explanation of its reasoning.

2. The decision to transfer or deny the transfer of any military technology or equipment shall 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 authorise the actual sale or export of the military technology or 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.

3. Member States shall keep such denials and consultations confidential and not use them for commercial advantage.

#### *Article 5*

Export licences shall be granted only on the basis of reliable prior knowledge of end use in the country of final destination. This will generally require a thoroughly checked end-user certificate or appropriate documentation and/or some form of official authorisation issued by the country of final destination. When assessing applications for licences to export military technology or equipment for the purposes of production in third countries, Member States shall in particular take account of the potential use of the finished product in the country of production and of the risk that the finished product might be diverted or exported to an undesirable end user.

#### *Article 6*

Without prejudice to Regulation (EC) No 1334/2000, the criteria in Article 2 of this Common Position and the consultation procedure provided for in Article 4 are also to apply to Member States in respect of dual-use goods and technology as specified in Annex I to Regulation (EC) No 1334/2000 where there are serious grounds for believing that the end-user of such goods and technology will be the armed forces or internal security forces or similar entities in the recipient country. References in this Common Position to military technology or equipment shall be understood to include such goods and technology.

#### *Article 7*

In order to maximise the effectiveness of this Common Position, Member States shall work within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of exports of

#### *Article 8*

1. Each Member State shall circulate to other Member States in confidence an annual report on its exports of military technology and equipment and on its implementation of this Common Position.
2. An EU Annual Report, based on contributions from all Member States, shall be submitted to the Council and published in the 'C' series of the *Official Journal of the European Union*.
3. In addition, each Member State which exports technology or equipment on the EU Common Military List shall publish a national report on its exports of military technology and equipment, the contents of which will be in accordance with national legislation, as applicable, and will provide information for the EU Annual Report on the implementation of this Common Position as stipulated in the User's Guide.

#### *Article 9*

Member States shall, as appropriate, assess jointly through the CFSP framework the situation of potential or actual recipients of exports of military technology and equipment from Member States, in the light of the principles and criteria of this Common Position.

*Article 10* While Member States, where appropriate, may also take into account the effect of proposed exports on their economic, social, commercial and industrial interests, these factors shall not affect the application of the above criteria.

#### *Article 11*

Member States shall use their best endeavours to encourage other States which export military technology or equipment to apply the criteria of this Common Position. They shall regularly exchange experiences with those third states applying the criteria on their military technology and equipment export control policies and on the application of the criteria.

#### *Article 12*

Member States shall ensure that their national legislation enables them to control the export of the technology and equipment on the EU Common Military List. The EU Common Military List shall act as a reference point for Member States' national military technology and equipment lists, but shall not directly replace them.

#### *Article 13*

The User's Guide to the European Code of Conduct on Exports of Military Equipment, which is regularly reviewed, shall serve as guidance for the implementation of this Common Position.

*Article 14*

This Common Position shall take effect on the date of its adoption.

*Article 15* This Common Position shall be reviewed three years after its adoption.

*Article 16*

This Common Position shall be published in the *Official Journal of the European Union*. Done at Brussels, 8 December 2008.

*For the Council*

*The President*

B. KOUCHNER

13.12.2008 EN Official Journal of the European Union L 335/103

## 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,      Skr. 2009/10:114
- 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.

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**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.

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, Skr. 2009/10:114
- 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.

**Common EU legislation**

In 2009, the Council adopted Council Regulation (EC) No. 428/2009 setting up a Community regime for control of exports, transfers, brokering and trans-shipment of dual-use products (revision). The Regulation came into force on 27 August 2009, replacing the EU regulation from 2000, Council Regulation (EC) No. 1334/2000. Unlike the multilateral export control regimes, the regulation is legally binding for Sweden and all other EU member states. The purpose is to, as far as possible, establish free movement of controlled products within the internal market while the various national systems for control of exports to third countries are strengthened and harmonised.

The regulation combines member states' undertakings within the framework of the multilateral export control regimes with the greatest possible freedom of movement of goods within the internal market. Developments within the regimes are taken into account through regular amendments and updates of the product lists included in the regulation. The annexes to the Regulation are determined within the framework of first pillar co-operation within the EU, meaning they have a direct effect at the national level. In accordance with the regulation, the annexes are to be updated annually.

The regulation facilitates the assessment of licencing cases by including common criteria that member states shall take into account in their assessments. However, licences are granted at the national level. In addition, there is a general community licence for exports of certain products to certain specified third countries. This type of licence facilitates the work of exporting companies in that a single licence can be cited regardless of where in the EU the exports originate. This has also led to increased consensus in the EU on exports of this kind.

**Swedish legislation**

In Sweden, the EU Regulation is complemented by the the Act (2000:1064) concerning Control of Dual-Use Products and of Technical Assistance and the Ordinance (2000:1217) on Control of Dual-Use Products and of Technical Assistance. Both statutes came into effect on 1 January 2001.

Compared to what applies in legislation on military equipment - where export licences represent exceptions from a general prohibition on exports - the reverse is true in the regulations on controls of dual-use products. Here, the starting point is that export licences shall be granted unless this would conflict with foreign policy or security considerations as described in the EU Regulation.

Exports, transfers and brokering of dual-use products are subject to licencing with the ISP as the licencing authority. With regard to nuclear materials, etc. included in category 0 in Annex I of the EU Regulation, however, the Swedish Radiation Safety Authority (SSM) provides licencing.

Like its predecessor, the Act concerning Control of Dual-Use Products and of Technical Assistance lacks specific rules regarding opportunities to receive advance rulings regarding whether or not an export licence will be provided for the possible export of dual-use products to a specific destination. In practice, however, the trend has entailed the ISP giving companies advance notifications.

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### **The catch-all clause**

Under Article 4 of EC Regulation 428/2009 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 catch-all clause has been established in order to prevent the regulations from being circumvented due to the fact that, on account of technological developments, the lists of products are seldom all-inclusive.

For the catch-all clause to be applicable, the exporter must have been informed of the product's area of use by Swedish authorities. However, if aware that a product is entirely or partly intended for uses regulated in Articles 4.1-4.3 of the EU Regulation, the exporter is required to report this to the Swedish authorities. The ISP or SSM shall then determine whether a licence is required for the export.

The catch-all clause also contains in certain cases, special licencing requirements for exports related to military end-use or military equipment or for exports of non-listed products that are or could be intended for military end use in a country subject to a UN, EU or OSCE embargo and for non-listed products that are or could be intended for use as parts or components for illegally exported military equipment.

**Table 27. Membership of multilateral export control regimes in 2009**

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	x	-
Italy	x	x	x	x	x
Japan	x	x	x	x	x
Canada	x	x	x	x	x
Kazakhstan	x	x	-	-	-
China	x	x	-	-	-
Korea (Rep.)	x	x	x	x	x
Croatia	x	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
United States	x	x	x	x	x
Belarus	-	x	-	-	-
Austria	x	x	x	x	x
TOTAL	37	46	40	34	40

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

**International arms embargoes in 2009**

The table below lists the currently applicable international arms embargoes and, where known, when their applicability ceases, as well as 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 against supplying equipment that can be used for internal repression. Resolutions and legislation affecting the sanctions regime against a country without directly addressing arms embargoes or associated restrictions are indicated in parentheses. 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](http://www.un.org), [www.europa.eu](http://www.europa.eu). or [www.osce.org](http://www.osce.org).

**Table 28. International arms embargoes**

Country	Type of embargo	Expires	Reference
Armenia	UN embargo (non-binding)		UNSCR 853 (1993)
	OSCE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno-Karabakh		CSOOSCE (1992)
Azerbaijan	UN embargo (non-binding)		UNSCR 853 (1993)
	OSCE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno-Karabakh		CSOOSCE (1992)

Country	Type of embargo	Expires	Reference
Burma/Myanmar	EU embargo Some exceptions	2010-04-30	<p>General Affairs Council Declaration of 29 July 1991</p> <p>Council Common Position 2006/318/CFSP</p> <p><i>changed by:</i></p> <ul style="list-style-type: none"> <li>-Common Position 2007/248/CFSP</li> <li>-Common Position 2007/750/CFSP</li> <li>-Common Position 2008/349/CFSP</li> <li>-Common Position 2009/351/CFSP</li> <li>-Common Position 2009/615/CFSP</li> <li>-Council Decision 2009/981/CFSP</li> </ul> <p>Council Regulation (EC) no. 194/2008</p> <p><i>changed by :</i></p> <ul style="list-style-type: none"> <li>-Council Regulation (EC) no. 385/2008</li> <li>-Commission Regulation (EC) No. 353/2009</li> <li>-Commission Regulation (EC) No. 747/2009</li> <li>-Commission Regulation (EU) No. 1267/2009</li> </ul>

Country	Type of embargo	Expires	Reference
Côte d'Ivoire	<p data-bbox="496 212 671 315">UN embargo Some exceptions</p> <p data-bbox="496 696 671 799">EU embargo Some exceptions</p>	2010-10-31	<p data-bbox="919 212 1157 651">UNSCR 1572 (2004) UNSCR 1643 (2005) UNSCR 1727 (2006) UNSCR 1782 (2007) UNSCR 1842 (2008) UNSCR 1893 (2009)</p> <p data-bbox="919 696 1157 799">Council Common Position 2004/852/CFSP</p> <p data-bbox="919 844 1157 1440"><i>changed by :</i> -Common Position 2007/761/CFSP -Common Position 2006/30/CFSP -Common Position 2007/92/CFSP -Common Position 2007/161/CFSP -Common Position 2008/873/CFSP</p> <p data-bbox="919 1485 1157 1592">Council Regulation (EC) no. 174/2005</p> <p data-bbox="919 1637 1157 2004"><i>changed by :</i> -Commission Regulation No. 1209/2005 -Council Regulation (EC) No. 560/2005 -Commission Regulation (EC) No. 1240/2008</p>

<b>Country</b>	<b>Type of embargo</b>	<b>Expires</b>	<b>Reference</b>
Eritrea	UN embargo		UNSCR 1907 (2009)



Country	Type of embargo	Expires	Reference
The Democratic People's Republic of Korea (North Korea)	UN embargo  EU embargo Some exceptions		UNSCR 1718 (2006) UNSCR 1874 (2009)  Council Common Position 2006/795/CFSP  <i>changed by :</i> -Common Position 2009/573/CFSP -Council Decision 2009/1002/CFSP  Council Regulation (EC) no. 329/2007  <i>changed by :</i> Commission Regulation (EC) No. 117/2008 -Commission Regulation (EC) No. 389/2009 -Commission Regulation (EC) No. 689/2009 -Council Regulation (EU) No. 1283/2009

Country	Type of embargo	Expires	Reference
Democratic Republic of Congo (formerly Zaire)	<p>UN embargo Some exceptions</p> <p>EU embargo Some exceptions</p>	30 Nov 2010	<p>UNSCR 1493 (2003) UNSCR 1533 (2004) UNSCR 1596 (2005) UNSCR 1807 (2008) UNSCR 1857 (2008) UNSCR 1896 (2009)</p> <p>Declaration 33/93, 7 April 1993</p> <p>Council Common Position 2008/369/CFSP</p> <p><i>changed by :</i> -Common Position 2009/66/CFSP</p> <p>Council Regulation (EC) no. 889/2005</p> <p><i>changed by:</i> -Council Regulation (EC) No. 1183/2005 - Council Regulation (EC) no. 1377/2007</p> <p>- Council Regulation (EC) no. 666/2008</p> <p>-Commission Regulation (EC) No. 242/2009</p>

Iraq	UN embargo Some exceptions		UNSCR 661 (1990) UNSCR 1483 (2003) UNSCR 1546 (2004)  Declaration 56/90 4 August 1990  Council Common Position 2003/495/CFSP  <i>changed by:</i> - Common Position 2003/735/CFSP - Common Position 2004/553/CFSP - Common Position 2008/186/CFSP -Common Position 2009/175/CFSP
Iran	UN embargo   EU embargo		UNSCR 1696 (2006) UNSCR 1737 (2006) UNSCR 1747 (2007) UNSCR 1803 (2008) UNSCR 1835 (2008)  Council Common Position 2007/140/CFSP

			<p><i>changed by :</i></p> <ul style="list-style-type: none"> <li>-Common Position 2007/246/CFSP</li> <li>-Common Position 2008/652/CFSP</li> </ul> <p>Council Regulation (EC) no. 423/2007</p> <p><i>changed by :</i></p> <ul style="list-style-type: none"> <li>-Council Regulation (EC) no. 618/2007</li> <li>-Commission Regulation 116/2008</li> <li>-Council Regulation (EC) No. 1110/2008</li> <li>-Council Regulation (EC) No. 680/2009</li> <li>-Council Regulation (EC) No. 1100/2009</li> <li>-Council Regulation (EU) No. 1228/2009</li> </ul>
China (excluding Hong Kong and Macao)	EU embargo		European Council Declaration 27 June 1989
Lebanon	<p>UN embargo (non-binding) Some exceptions</p> <p>EU embargo Some exceptions</p>	Reviews on a 12-monthly basis	<p>UNSCR 1701 (2006)</p> <p>Council Common Position 2006/625/CFSP</p> <p>Council Regulation (EC) no. 1412/2006</p> <p><i>changed by :</i></p>

			-Commission Regulation (EC) No. 690/2007
Liberia	UN embargo Some exceptions		UNSCR 1521 (2003) UNSCR 1683 (2006) UNSCR 1731 (2006) UNSCR 1792 (2007) UNSCR 1903 (2009)
	EU embargo Some exceptions		Council Common Position 2008/109/CFSP  Council Regulation (EC) no. 234/2004  <i>changed by :</i> - Council Regulation (EC) no. 1126/2006 - Council Regulation (EC) no. 866/2007
Republic of Guinea	EU embargo Some exceptions	2010-10-27	Council Common Position 2009/788/CFSP  <i>changed by :</i> -Council Decision 2009/1003/CFSP  Council Regulation (EU) No. 1284/2009



Sudan	UN embargo Some exceptions  EU embargo Some exceptions		UNSCR 1556 (2004) UNSCR 1591 (2005)  Council Common Position 2005/411/CFSP  Council Regulation (EC) no. 131/2004  <i>changed by:</i> -Council Regulation (EC) no. 1353/2004 -Commission Regulation (EC) No. 1516/2004 -Council Regulation (EC) no. 838/2005
Osama bin Laden, al-Qaida and the Taliban	UN embargo          EU embargo		(UNSCR 1267 (1999)) UNSCR 1333 (2000) UNSCR 1390 (2002) UNSCR 1455 (2003) UNSCR 1526 (2004) UNSCR 1617 (2005) UNSCR 1735 (2006) UNSCR 1822 (2008) UNSCR 1904 (2009)  Council Common Position 2002/402/CFSP  <i>changed by:</i> -Common

			Position 2003/140/CFSP  Council Regulation (EC) no. 881/2002  <i>changed by :</i> -Council Regulation (EU) No. 1286/2009
Zimbabwe	EU embargo Some exceptions	2010-02- 20	Council Common Position 2004/161/CFSP  <i>changed by:</i> -Common Position 2008/135/CFSP -Common Position 2009/68/CFSP  Council Regulation (EC) no. 314/2004  <i>changed by :</i> -Commission Regulation (EC) No. 1488/2004 -Commission Regulation (EC) No. 1367/2005



## Annex 7 Explanations

**Denial.** A negative decision by an authority regarding an application by an individual or entity for a licence to export military equipment or dual-use products to a certain country. A member of a multilateral co-operation is expected to inform other members of the negative decision. According to Council Regulation (EC) No. 428/2009, the relevant authorities in the EU member states shall inform one another and the Commission of denials.

**Export control regimes.** The Zangger Committee, Nuclear Suppliers Group (NSG), the Australia Group, the Wassenaar Arrangement and the Missile Technology Control Regime (MTCR). The objective of the regimes is to identify goods and technologies that should be made subject to export controls, to exchange information about proliferation risks and to promote non-proliferation in contacts with countries that do not belong to the regimes.

**Catch-all.** This concept refers to the possibility to subject dual-use goods that are not included in the export control lists to export controls. An exporter shall advise the export control authority if the export control authority has informed it that the item that it wishes to export may be intended for the production etc. of weapons of mass destruction. The authority determines whether it is suitable to require a licence for the export. The same applies where the exporter is aware that the item is intended for production etc. of such weapons.

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

**Intangible transfers.** Transfers of software or technology by means of electronic media and from person to person from one country to another.

**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.

**No-undercut.** When a denial is issued, the other members of the multilateral co-operation are expected to consult the state that has issued this denial before deciding whether to grant an export licence for an equivalent 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.** Information activities and support to states, authorities, companies, etc. in export control contexts.

**Export licences.** According to 6 § of the Military Equipment Act (1992:1300), military equipment may not be exported from Sweden without permission, unless otherwise stipulated by the Act or other statute. A company applies for an export licence for the amount agreed by contract with a particular country. Deliveries are then usually conducted over several years and seldom commence in the year in which the contract was signed. Consequently, export licences are not the same thing as an actual delivery; they merely indicate the volume of orders for controlled products won by Swedish companies in the international market in a given year.

AG	The Australia Group
ATT	Arms Trade Treaty
BAFA	Bundesamt für Wirtschaft und Ausfuhrkontrolle
BTWC	Biological and Toxin Weapons Convention
CGEA	Community General Export Authorisation
COARM	Council Working Group on Conventional Arms Exports
COCOM	Coordinating Committee on Multilateral Export Controls
CODUN	Council Working Group on Global Disarmament and Arms Control
CONOP	Council Working Group on Non-proliferation
CWC	Chemical Weapons Convention
DUP	Dual-use products
ECC	The Export Control Council
EURENCO	European Energetics Corporation
FOI	Swedish Defence Research Agency
IAEA	International Atomic Energy Agency
ISP	The Swedish Agency for Non-Proliferation and Exports Controls.
LoI	Letter of Intent
MANPADS	Man-portable air defence systems
MEC	Military equipment for combat purposes
MTCR	Missile Technology Control Regime
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
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
SME	Small and medium-sized Enterprises
SOFF	Swedish Security and Defence Industry Association
SSM	Swedish Radiation Safety Authority
TI	Transparency International
WMD	Weapons of mass destruction
WPDU	Working Party on Dual-Use Goods

Further information about the subject matter of this Communication can be found on the websites listed below. Most of these belong to organisations 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.

The Australia Group	<a href="http://www.australiagroup.net">www.australiagroup.net</a>
European Parliament	<a href="http://www.europarl.europa.eu">www.europarl.europa.eu</a>
Council of the European Union	<a href="http://www.consilium.eu">www.consilium.eu</a>
European Union	<a href="http://europa.eu/">http://europa.eu/</a>
The Export Control Council	<a href="http://www.isp.se/sa/node.asp?node=525">http://www.isp.se/sa/node.asp?node=525</a>
United Nations	<a href="http://www.un.org">www.un.org</a>
International Atomic Energy Agency	<a href="http://www.iaea.org">www.iaea.org</a>
The Swedish Agency for Non-Proliferation and Export Controls	<a href="http://www.isp.se">www.isp.se</a>
The Missile Technology Control Regime	<a href="http://www.mtcr.info">www.mtcr.info</a>
Nuclear Suppliers Group	<a href="http://www.nuclearsuppliersgroup.org">www.nuclearsuppliersgroup.org</a>
Organisation for the Prohibition of Chemical Weapons	<a href="http://www.opcw.org">www.opcw.org</a>
OSCE	<a href="http://www.osce.org">www.osce.org</a>
Stockholm International Peace Research Institute	<a href="http://www.sipri.org">www.sipri.org</a>
The Swedish Radiation Safety Authority	<a href="http://www.ssm.se">www.ssm.se</a>
Swedish Export Control Association	<a href="http://www.chamber.se/exportcontrol">www.chamber.se/exportcontrol</a>
Ministry for Foreign Affairs	<a href="http://www.ud.se">www.ud.se</a>
The Wassenaar Arrangement	<a href="http://www.wassenaar.org">www.wassenaar.org</a>
The Zangger Committee	<a href="http://www.zanggercommittee.org">www.zanggercommittee.org</a>

Excerpt from the minutes of the Cabinet meeting of 11 March 2010

Present: Prime Minister Reinfeldt, chairman, and the following cabinet ministers, Olofsson, Odell, Bildt, Ask, Husmark Pehrsson, Larsson, Erlandsson, Carlgren, Hägglund, Björklund, Carlsson, Littorin, Borg, Sabuni, Billström, Björling,

Agenda item presented by: Björling, Cabinet Minister

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The Government decides to present to Parliament the Report 2009/10:114, Strategic Export Control in 2009 – Military Equipment and Dual-Use Products.