

The Netherlands arms export policy in 2000

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1. Introduction

The present report on the Netherlands arms export policy in 2000 is the fourth annual report drawn up in accordance with the "Policy paper on greater transparency in the reporting procedure on exports of military goods" (Parliamentary Proceedings 22 054, 1997-1998, No. 30). In Appendix 1 to the report, the Government informs Parliament of the value of licences for exports of goods issued in 2000 by category of military goods and by country of final destination. In order to further enhance the transparency of the figures as promised during the General Consultation on arms export policy on 17 January 2001 with the Standing Committees on Economic Affairs and Foreign Affairs, as from the second half of 2000, the table providing the value of licences by country of final destination also identifies the categories of goods concerned.

The Government points out that the licence value indicates the maximum export value, although at the time of publication that value need not necessarily have been reached in the exports realised. The value of the licences issued in 2000 amounted to NLG 918 million (1999: NLG 807.3 million). For reporting purposes it has been decided to state the figures for the first half and second half of 2000 separately as well. Appendix 2 lists the denial notifications made to the EU member states in accordance with the EU Code of Conduct.

The report further presents summaries of the principles and procedures of the Netherlands arms export policy, describes the Netherlands defence-related industry, developments within the EU, the UN Register on Conventional Arms and the Wassenaar Arrangement, and under "Other developments" it deals with a number of initiatives in the area of small arms.

2. Instruments and procedures of the arms export policy

Licences for the export of military goods are issued on the basis of the Import and Export Act. Companies or persons intending to export goods and technology appearing on the list of military goods pertaining to the Annex to the Strategic Goods Import and Export Order, apply to the Central Import and Export Service (Centrale Dienst voor In- en Uitvoer, CDIU) for an export licence. The CDIU forms part of the Tax and Customs Department of the Ministry of Finance and, with regard to arms export policy aspects, receives its instructions from the Ministry of Economic Affairs.

Applications for the export of military goods to NATO member states and equated-status countries (the EU member states Austria, Finland, Ireland, and Sweden, together with Australia, Japan, New Zealand and Switzerland) are in principle dealt with exclusively by the Ministry of Economic Affairs. An exception to this rule is

currently made for Greece and Turkey. Applications for exports to these two NATO member states as well as to all other countries are submitted to the Minister of Foreign Affairs for advice. The latter's advice plays an essential role in the decision-taking process on the issue of an export licence. If no objections are found to exist with regard to the intended export, the Ministry of Economic Affairs will issue an export licence.

In the case of applications for exports to developing countries appearing on Part 1 the OECD DAC list, the Minister of Foreign Affairs will first consult with the Minister for Development Co-operation, and will then advise the Minister of Economic Affairs on the basis of that consultation.

In the case of exports of weapons systems being disposed of by the Netherlands armed forces, Parliament receives prior confidential notification from the State Secretary of Defence. If commercial interests and the interests of the country of final destination so permit, Parliament can also be informed of the intended transactions on a non-confidential basis. In addition, the regular licence procedure has to be completed for the export of surplus matériel as well.

3. Principles of the arms export policy

Applications for licences for the export of military equipment are assessed on a case-by-case basis against the eight criteria of the arms export policy with due consideration for the nature of the product, its country of final destination and end user. These eight criteria were agreed by the European Councils of Luxembourg (1991) and Lisbon (1992), and they read as follows:

1. *Respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations.*
2. *The respect of human rights in the country of final destination.*
3. *The situation in the country of final destination, as a function of the existence of tensions or armed conflicts.*
4. *Preservation of regional peace, security and stability.*

5. *The national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.*
6. *The behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law.*
7. *The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.*
8. *The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.*

In June 1998 the member states of the European Union adopted the EU Code of Conduct on Arms Exports, in which they agreed on a common interpretation of the criteria of the arms export policy. The Code also incorporates a mechanism for information exchange, notification and consultation in cases where a country has an export licence under consideration for a destination for which a similar licence has previously been denied by another. The code of conduct acknowledges the authority of member states nationally to apply a more restrictive arms export policy than required by the code.

The coalition agreement of the present Government announced that the Cabinet seeks to introduce a new criterion for the arms export policy, preferably with the largest possible number of relevant EU partner states, namely the denial of export licences to countries not participating in the UN Register on Conventional Arms. In the letter to Parliament dated 4 December 1998 (Parliamentary Proceedings 22 054, No. 40), the Government wrote that the logical move was to seek support for this initiative first of all among the EU partner states. In 2000 the Government requested the attention of the EU partner states for this question, both in the General Council and on a bilateral basis. None of the EU partners saw the merit of incorporating a reference to the UN Register as a separate new ("ninth") criterion. A number of EU partners were nevertheless in favour of the idea of including participation of the country of final destination in the Register as one of the elements comprising the sixth criterion of the arms export policy. That criterion assesses *inter alia* the manner in which the country of final destination is committed to arms control and disarmament initiatives. The Register is appropriate in this respect, forming as it does the sole global arms-control instrument in the field of conventional weapons. On 22 February 2000 the Government informed Parliament that participation in the Register was to be incorporated as an element of the sixth criterion of the arms export policy of the Netherlands.

4. Information on the arms export policy

In accordance with a pledge made by the Minister of Foreign Affairs in the course of a debate in December 1997 on the Foreign Affairs budget, the Government in February 1998 submitted a policy paper on greater transparency in the reporting procedure on exports of military goods (Parliamentary Proceedings 22 054, No. 30). The present report is the fourth non-confidential report which has been issued since then. The 2000 annual report is based on the value of the licences issued by category of military goods and by country of final destination. In order to further enhance the transparency of the figures, as from the second half of 2000, the relevant goods categories are mentioned for each country of final destination. In order to represent the trend with clarity, it has been decided to present both the consolidated figures for 2000 as a whole, and the figures for the first half and the second half of 2000 separately. Furthermore, information is also included on licence denials reported to the EU partners in the context of the EU Code of Conduct (see Appendix 2).

In addition to this Government report on Netherlands exports of military goods in 2000, non-confidential information is also otherwise available on the arms export policy. For example, the Central Import and Export Service publishes the "Strategic Goods Manual" (Handboek Strategische Goederen). This manual is intended for persons, companies and institutes with professional interests in procedures governing imports and exports of strategic goods. It provides users with information on the policy objectives and relevant legislative measures and procedures, besides containing a wealth of practical information. In this way the manual increases user awareness of this specific area of policy. The manual is regularly updated in the light of national and international developments in this area.

5. The Netherlands defence-related industry in 2000

With very few exceptions, the Netherlands defence-related industry consists above all of civil enterprises and research institutes with divisions specialising in military production. Although this sector is small in size, it is nevertheless characterised by high-tech production, ongoing innovation and highly skilled personnel. Within the bounds of a responsible foreign and security policy, the Government's policy is aimed at retaining this technologically valuable capability for the Netherlands. To this end, Netherlands companies are involved in national military tenders, either directly or indirectly through offset orders. Because the Netherlands market is clearly too small to maintain the available expertise, the Netherlands defence-related industry is also encouraged to take part in international joint ventures and co-operation in the

field of defence equipment. This has led to the establishment of commercial relations with above all British, German, French and American enterprises, also involving joint commitments relating to systems maintenance and subsequent components delivery. This applies equally where the systems produced by a joint venture are supplied to third parties. In that light, the scope for Netherlands companies to enter into long-term international joint ventures and co-operation arrangements depends in part on the transparency and the consistency of the Netherlands arms export policy.

The importance of the export activities of this sector is recognised as an essential condition for the continuity of the existing technological base. Equally, it is recognised that, in the interests of the international legal order and the safeguarding of peace and security, limits must be imposed on the export activities of the defence-related industry. Within those limits, however, in the Government's judgement the Netherlands industry should be able to meet other countries' legitimate needs for defence equipment. Bearing in mind the above-mentioned conditions and circumstances, the Netherlands defence-related industry has pursued a policy of increasing specialisation. Those companies with the largest export share in their military production manufacture principally high-tech components and sub-systems. Although the maritime sector in particular still has the capability to undertake all the production stages from drawing-board to launching-slip, Netherlands exports of complete weapons systems in recent years can be virtually entirely accounted for by disposals of surplus Netherlands defence equipment.

Every year the Ministry of Economic Affairs conducts a survey among Netherlands defence-related businesses. The information provided by the firms surveyed is disclosed on a voluntary basis and relates to figures such as production (civil/military), exports (as a share of total sales), manpower, etc. For some years the result of the survey has been to indicate that in the Netherlands some 150 companies are in some way engaged in military production. It should nevertheless be noted that for the purpose of these surveys military production is defined as production intended for domestic and foreign defence orders, and not as production of goods which are classified as military goods in accordance with the Strategic Goods Import and Export Order.

For the period 1995 - 1999¹ the average total annual turnover of those companies was just over NLG 46 billion, of which NLG 3 billion was attributable to military production. In random order, the main sub-sectors are: maritime applications, electronics, aerospace technology, transport, infrastructure and information technology. The annualised average total exports by the companies concerned in the same period were just over NLG 16 billion, of which slightly more than NLG 1 billion (1992-1996: NLG 1.2 billion) was classified as military exports. The total

¹ Not all the 1999 figures have yet been processed. The average figures reported are therefore based on actual numbers for the period 1995-1998 and an extrapolation for 1999.

number of employees working in the sector averaged 118,000, of which on average 10,000 (1992-1996: 12,000) were assigned to military production.

6. Transparency in armaments and the UN Register on Conventional Arms

In 1991 the General Assembly of the United Nations passed Resolution 46/36 L concerning transparency in armaments, thus introducing the UN Register on Conventional Arms. The register discloses particulars about the imports and exports of seven categories of conventional heavy weapons, with the objective of thereby increasing trust among nations.

The register contains information on the source country of military goods exports, the transit country if any, and the importing country, together with the size of the goods flows classified in the following categories: tanks, armoured combat vehicles, heavy artillery systems, combat aircraft, combat helicopters, warships, and missiles and missile launch systems. In addition, there is a separate section for remarks, in which countries can give a more detailed description of the arms and comment on the transfer. Furthermore, countries are urged to provide information on their own military stocks and on acquisitions resulting from their own manufacturing production.

Each year since 1991 the General Assembly has passed a resolution on transparency in armaments, together with a call to supply particulars to the register. It has become the custom that the Netherlands takes the initiative in proposing this resolution. Traditionally, the resolution can count on the support of a large majority of the UN member states.

Each year the register can count on inputs from some 90 countries. The 2000 report (containing the figures for 1999) states the figures for 85 countries. Of these, 26 countries provided information on their military stocks and on purchases from their own defence industry.

The EU member states ensure that transparency in armaments and participation in the UN Register on Conventional Arms receive constant attention. For example, after the reporting date has passed, the EU urges those countries that have not presented any information as yet to do so. Furthermore, the Secretary General of the United Nations is notified of the European Union's position regarding transparency in armaments. Lastly, the data are also exchanged within the OSCE.

The Netherlands is currently exploring the possibility of increasing the participation in the register by means of a number of regional workshops.

7. The Wassenaar Arrangement

On the multilateral level, developments surrounding arms exports are discussed in the framework of the “Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies” (WA). Altogether 33 countries are party to this forum, which owes its name to the town where, under the presidency of the Netherlands, the negotiations were conducted on the founding of the arrangement. These countries together account for over 90% of total exports of military goods.

The goal of the WA, as stated in the Initial Elements², is to contribute towards regional and international security and stability. The WA pursues this goal by increasing mutual transparency surrounding exports to third parties of arms and of goods that can be used for arms production, and also by promoting a greater sense of responsibility in the case of national assessments of applications for licences for exports of military goods. The increase in transparency is intended to enable participant countries to identify at an early stage whether the arms build-up of certain countries exceeds their legitimate needs for defence equipment. If that is the case, this should result in participant countries becoming more cautious in their licence issuing policy towards such countries of final destination. The Wassenaar Arrangement also has a list of military goods, which forms the basis for the national export-monitoring activities of participant countries. In the Netherlands, this control list forms an integral part of the Strategic Goods Import and Export Order. Each revision of the WA list therefore automatically results in an amendment to the above-mentioned Import and Export Order.

As a result of an interim evaluation of the Wassenaar Arrangement in 1999, an extra amount of attention was paid in 2000 to the problems of small arms and light weapons, as well as to further intensification of the information exchange in the field of these and other weapons and military goods. However, this failed to lead to consensus in 2000. Work went ahead on compiling a Global View document summarising all the information exchanged on regional acquisitions and stocks of weapons. The discussion on this document – which is itself intended as a dynamic review – is to be continued in 2001. As regards the small and light arms categories the vast majority of participating countries were able to reach agreement on their inclusion under the reporting requirements of the WA. A small number of countries wished to await developments in other fora – the UN, OSCE – before considering this as a task for the WA. Guidelines were nevertheless agreed for controls on portable ground-to-air missiles (MANPADS), which are classified as light weaponry. It was also agreed that special test equipment for the development of bombs,

² The Initial Elements can be found on the website of the Wassenaar Arrangement, ww.wassenaar.org.

missiles, warships and aircraft should be placed on the export control list. On the other hand, export controls on ICT products such as computers, microprocessors and cryptographic products should be relaxed, thereby correcting to some extent the imbalance between the two pillars of the WA, namely military use and dual use. Finally, it was agreed that work should continue in 2001 on increasing the transparency of the arms trade and on enabling controls on arms brokerage. Attention will also be paid to emerging technologies and the transfer of strategic software and technology via the internet, and calls will be made on the part of the EU for a number of paramilitary goods such as non-military semiautomatic rifles to be included in the WA control list.

8. EU co-operation

EU co-operation on arms exports takes place within what is known as the COARM working group on arms export policy. In this group, within the framework of the Common Foreign and Security Policy (CFSP) the EU member states exchange details on arms exports. In addition, certainly since the realisation of the EU Code of Conduct mentioned in Section 4, there is an increasing degree of policy co-ordination among the member states with regard to the member states' arms export policy.

The co-ordination of policy within COARM, however, has not always led to immediately identifiable results. For instance, the year 2000 saw continued failure between the member states to reach agreement on the arms export policy to be applied towards India and Pakistan in connection with the nuclear tests carried out in May 1998. Since May 1998 the Netherlands, as sole EU member state, – had observed a licence ban on both countries, which in practice meant that no export licences were issued. A majority of member states, however, preferred to treat the applications to both countries on the basis of a strict interpretation of the Code of Conduct. This led to neither country receiving an unequivocal signal from the European Union.

The result of the ban was that the Netherlands deprived itself of the possibility to use the mechanisms of the operational section of the EU Code of Conduct (information exchange on licence denials and any consultation thereon) to influence the arms export policy of the EU partners vis-à-vis the two countries. This did not have a beneficial effect on the effectiveness of the Netherlands' policy. For that reason, on 12 December 2000 the Government informed Parliament (Parliamentary Proceedings 22 054, No. 53) of its decision to reinstate the arms export policy vis-à-vis both countries.

N.B. In a private member's motion passed by Parliament on 24 January 2001 (Parliamentary Proceedings 22 054, No. 55), Parliament requested the Government

to limit the issuance of licences for the export of military goods to India and Pakistan to return shipments following repair and to shipments of spare parts for goods supplied previously and thus for the time being not to grant licences for new deliveries of military goods.

An important activity of COARM in 2000 related to the discussions on the Common List of military goods pertaining to the EU Code of Conduct. According to the implementing provisions of the Code, member states shall make every effort to ensure early adoption of a common list. As there proved to be substantial differences in terms of both content and methodology between the member states' national lists, these discussions took up considerable time. On 13 June 2000 the Common List of military goods to which the EU Code of Conduct is required to apply was adopted by the General Council. This list and the associated Council Declaration was published in Official Journal C191, Volume 43, 8 July 2000). The member states reached consensus on the comprehensive list of military goods as applied within the Wassenaar Arrangement³, with a number of additions. At the Netherlands' request a statement to the minutes of the General Council was also adopted, in which the Member States express their support for efforts to ensure that goods appearing on the Common List but not forming part of the WA Munitions List should be submitted for assessment within the arrangement.

The discussions have subsequently focused on non-military goods that can potentially be used for purposes of internal repression and human rights violations. The EU member states also regarded controls on exports of such goods to be necessary, and in December 2000 they reached an agreement on the goods to be controlled. Since the goods are of a civil nature, however, they come under the competence of the European Community and the European Commission, and the member states are unable independently to introduce national controls. The Commission has undertaken to make a proposal for the introduction of controls on these goods in the course of 2001.

In 2000, the Netherlands was consulted by EU partners on three occasions in the framework of the EU Code of Conduct with regard to denial notifications issued by the Netherlands. In one case, following a consultation initiated in 2000, a member state decided to permit the export of the goods despite the fact that the same goods were involved as those for which the Netherlands had issued a denial. In another case the consulting country decided to adopt the Netherlands denial. Lastly, in one case the definitive decision on the consultation procedure had not yet been taken by 31 December 2000.

In addition, during 2000 replies were received on a consultation outstanding from the preceding year. On one matter the consulting country decided as yet to issue a

³ The list of military goods of the Wassenaar Arrangement (the Munitions List) forms an integral part of the Strategic Goods Export Order.

licence for goods on which it had opened the consultation, and on two matters it concluded that other goods to be exported were not identical to those for which the Netherlands had formerly issued a denial.

In 2000 COARM prepared the second non-confidential EU Annual Report on arms exports. This annual report is a compilation of the national sub-reports by the member states. The document was published by the Council in November 2000.

Besides the COARM group, the EU also has the ad-hoc POLARM working group, which concentrates on the policy relating to the restructuring of the European defence industry. Since 1997, this group has been addressing the European Commission's report "Implementing European Union strategy on defence-related industries" (COM(97)583 def.). In this report, the Commission proposes a set of measures designed to assure an efficient defence industry structure. It regards this as including a number of measures in the area of arms export policy. In 2000 the group met only once.

At year-end 2000, EU arms embargoes were in operation vis-à-vis the following countries: Afghanistan, Bosnia-Herzegovina, Burma, China, the Democratic Republic of Congo, Ethiopia and Eritrea, Federal Republic of Yugoslavia (Serbia and Montenegro), Iraq, Libya, Sierra Leone (with the exception of the Sierra Leone Government) and Sudan.

In addition, the following embargoes of the United Nations Security Council were in operation for: Afghanistan, Angola, Ethiopia and Eritrea, Federal Republic of Yugoslavia, Iraq, Liberia, Libya, Rwanda (with the exception of the Rwandan Government), Sierra Leone (with regard to non-governmental armed forces) and Somalia. Finally, the OSCE operated an embargo vis-à-vis Nagorno-Karabakh.

9. Other developments

As in previous years, in 2000 the Netherlands continue to pursue an active policy aimed at combating the proliferation of small arms, on both the regional and the global scale. This was reflected among other things in the following activities and events.

1. Within the UN; the Netherlands participated in all the preparatory meetings for the UN Conference on Small Arms to be held in New York in July 2001. In the First Committee of the 55th General Assembly of the UN, the Netherlands proposed the resolution on Transparency in Armaments, and lent its support to the resolutions on Consolidation of Peace through Practical Disarmament Measures and Assistance to States for Curbing the Illicit Traffic in Small Arms

and Collecting Them. In addition, the Netherlands co-operated actively on the setting-up of the UN Firearms Protocol (subsequently adopted in May 2001).

2. The Netherlands took part in activities within the OSCE in the field of Small Arms. This resulted in the adoption of the OSCE document on Small Arms and Light Weapons.
3. Within the EU, the Netherlands participated in the compilation of a joint document intended to serve as input for the UN conference in July 2001.
4. Within the framework of the Wassenaar Arrangement as well, the Netherlands seeks to curb the proliferation of small arms.

Events organisation:

1. In January 2000 the Netherlands organised an exhibition on small arms and light weapons at the Ministry of Foreign Affairs.
2. In September 2000 the Netherlands, in co-operation with Hungary, organised an expert workshop on the destruction of small arms. This resulted in a number of recommendations for the UN Conference in July 2001.

Furthermore the Netherlands was represented at a large number of other conferences, seminars and workshops in the field of small arms and arms export control, partly in preparation for the UN Conference in July 2001.

Appendix 1

Tables showing the value of licences for exports of military goods issued in 2000 by category of goods and the value of licences for exports of military goods issued in 2000 by country of final destination.

Introduction

The total value of licences for exports of military goods issued in 2000 amounted to just over NLG 918 million. That is slightly more than 0.18% of total Netherlands goods exports in that same year, which came to NLG 506.8 billion. For an international comparison of this percentage, it is important to take into consideration a number of specific aspects of Netherlands regulations in the field of military goods exports. In the Netherlands, it is not only exports of military goods manufactured by Netherlands industry that are subject to mandatory licence. As a matter of course that also applies to exports arising from trade transactions conducted from the Netherlands. Perhaps less as a matter of course but still of great importance to the Netherlands figures is the fact that the Government itself is also required to apply for licences to export military goods. Only the equipment of Netherlands military units accompanying those units on exercises or UN operations abroad is exempted from mandatory export licensing. Disposals of Netherlands defence equipment to third countries are therefore subject to mandatory licensing, and are included in the figures.

Methodology

The values reported below are based on the value of the licences for definitive export of military goods issued in the period under review. Licences for temporary export have been disregarded in the figures, in view of the fact that such licences are subject to mandatory re-import. These cases normally relate to consignments for demonstration or exhibition purposes. On the other hand, licences for trial or sample consignments are included in the figures in cases where no re-import obligation is attached to these exports in view of their nature.

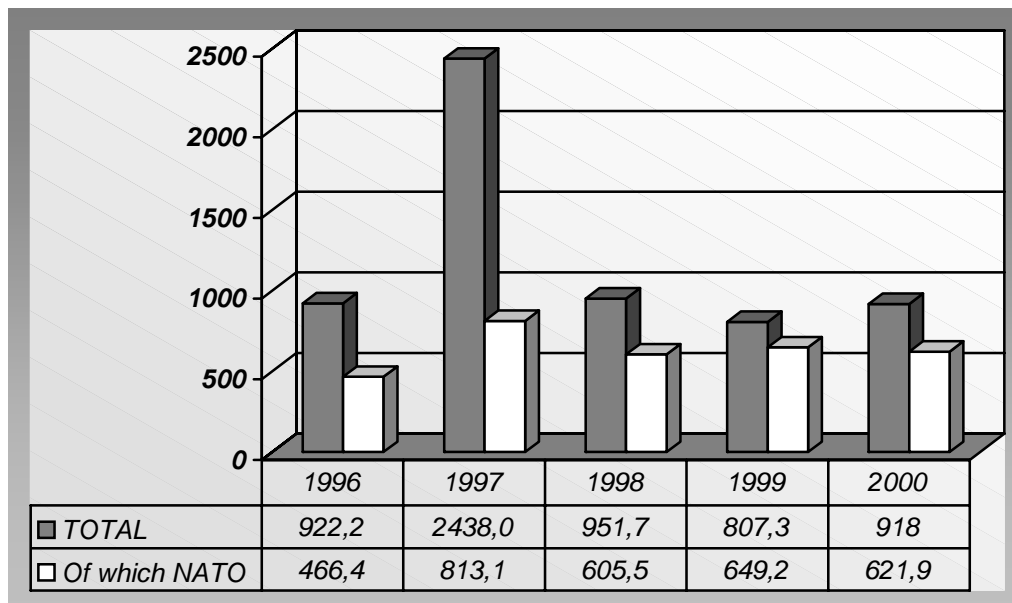
Licences for goods returned following repair in the Netherlands are similarly not included in the reported figures. However, in such cases the goods must have formed part of prior deliveries, the value of which will therefore have been included in a previous report. Inclusion of such "return following repair" licences would clearly lead to duplication of the figures. For the same reason, the value of licences for which the term of validity has been extended does not appear in the figures. Lastly, the same applies to licences that are replaced in connection, for example, with the recipient's change of address. If an extension or replacement licence with a higher value than the original licence is issued, the added value will of course be reported.

For the purpose of classifying the licence value for individual transactions in the table showing the value by category of military goods, it was in many cases necessary to include co-supplied parts and components and installation costs as part of the value of complete systems. The value of licences for the initial delivery of a system is effectively based on the contract value, which often comprises installation and a number of parts and components. The value of licences for the subsequent delivery of components is included in categories A10 or B10.

In conclusion, to compile the table showing the value of licences issued by category of military goods a choice had to be made as to the classification of sub-systems. It was decided to apply a differentiation based on the criterion of the extent to which a sub-system can be regarded as standalone or multifunctional. This has a bearing in particular on the classification of licences for exports of military electronics. If such a product is suitable solely for a maritime application, for example, the associated sub-systems and their components are classed in category A10, as components for category A6, "warships". If such a product is not manifestly connected to one of the first seven sub-categories of main category A, it is classed in sub-category B4 or in sub-category B10.

Appendix 1

(value of licences issued, in NLG million)



* The current 19 member countries of NATO are Belgium, Canada, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Turkey, the United Kingdom and the United States. Because the Czech Republic, Hungary and Poland acceded to the alliance in March 1999, the value of the licences for definitive export of military goods to those countries has been included under the heading “of which NATO” with effect from that year.

2000 (I)¹

Table 1: Value of licences issued for the definitive export of military goods in first-half 2000, by category

Main category A, "Arms and Munitions"	2000 (I) NLG million
1. Tanks	0.0
2. Armoured vehicles	0.0
3. Large-calibre weapons (>12.7 mm)	0.0
4. Combat aircraft	0.0
5. Combat helicopters	0.0
6. Warships	0.0
7. Guided missiles	0.0
8. Small-calibre weapons (≤ 12.7 mm)	0.4
9. Ammunition and explosives	19.7
10. Parts and components for "other military goods" ²	172.7
Total Cat. A	192.8

Main Category B, "Other military goods"	2000 (I) NLG million
1. Other military vehicles	0.0
2. Other military aircraft and helicopters	0.0
3. Other military vessels	0.0
4. Military electronics	82.3
5. ABC substances for military use	0.0
6. Military exercise equipment	3.6
7. Armour-plating and protective products	0.0
8. Military auxiliary and production equipment	0.0
9. Military technology and software	1.0
10. Parts and components for "Other military goods"	205.0
Total Cat. B	291.9
Total Cat. A + B	484.7

Table 2: Value of licences issued for the definitive export of military goods in first-half 2000, by country of final destination

2000 (I)			
NLG million			
Country of final destination	CAT. A	CAT. B	TOTAL
Argentina	0.0	0.3	0.3
Australia	3.1	0.0	3.1
Austria	1.8	0.0	1.8
Bahrain	0.0	0.3	0.3
Bangladesh	0.0	43.5	43.5
Brazil	3.3	0.0	3.3
Brunei	0.0	3.0	3.0
Canada	3.5	0.0	3.5
China	0.0	0.5	0.5
Denmark	1.4	0.2	1.6
Egypt	0.0	1.5	1.5
Finland	0.1	0.1	0.2
France	1.0	8.6	9.6
Germany	14.3	30.1	44.4
Greece	0.3	1.8	2.1
Ireland	1.3	0.0	1.3
Israel	0.1	0.0	0.1
Italy	0.6	0.0	0.6
Japan	0.0	0.2	0.2
Kuwait	0.0	1.5	1.5
Lebanon ³	0.0	0.2	0.2
Norway	0.4	1.4	1.8
Oman	0.0	0.1	0.1
Peru	0.0	0.2	0.2
Poland	0.0	1.0	1.0
Qatar	0.0	0.9	0.9
Singapore	0.1	0.4	0.5
South Korea	1.0	111.4	112.4
Spain	0.6	0.0	0.6
Sweden	4.4	0.1	4.5
Switzerland	0.4	17.6	18.0

Thailand	0.1	0.7	0.8
Turkey	0.2	7.6	7.8
United Arab Emirates (UAE)	0.0	0.7	0.7
United Kingdom	16.6	54.2	70.8
United States of America	137.8	2.7	140.5
Miscellaneous NATO countries ⁴	0.3	1.0	1.3
Countries accounting for export values below NLG 100,000:			
Aruba, Chile, Colombia, Ecuador, Malaysia, New Zealand, Portugal and Tanzania ⁵	0.1	0.1	0.2
Total	192.8	291.9	484.7

Footnotes to tables 1 and 2, first-half 2000

¹ The figures for first-half 2000 were reported to Parliament on 9 November 2000 (Parliamentary Proceedings 22 054, No. 52).

² The subcategory A10, parts and components for "Arms and munitions", consists largely of supplies arising out of compensation arrangements (offset) negotiated when the Netherlands purchased F-16 combat aircraft and AH 64 Apache combat helicopters. Under those arrangements, Netherlands manufacturing industry supplies parts and components for in particular the landing gear and the engines of these aircraft. Military marine radar systems and most other marine subsystems are also included in this subcategory, because they are counted as components for warships.

³ The reported export to the country of final destination Lebanon related to a delivery made by order of the United Nations that was intended for UN operations in that country.

⁴ The item "Miscellaneous NATO countries" relates to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Greece and Turkey) are licensed final destinations. In practice, this type of licence is used for the supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

⁵ In the Netherlands, an export licence is required for the export of most pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding NLG 100 000, relates to export transactions of this nature.

2000 (II)

Table 1: Value of licences issued for the definitive export of military goods in second-half 2000, by category

Main category A, "Arms and Munitions"	2000 (II) NLG million
1. Tanks	0.0
2. Armoured vehicles	2.6
3. Large-calibre weapons (>12.7 mm)	0.0
4. Combat aircraft	0.0
5. Combat helicopters	0.0
6. Warships	0.0
7. Guided missiles	0.0
8. Small-calibre weapons (\leq 12.7 mm)	1.6
9. Ammunition and explosives	10.8
10. Parts and components for "Arms and Munitions" ¹	126.8
Total Cat. A	141.8

Main category B, "Other military goods"	2000 (II) NLG million
1. Other military vehicles	0.0
2. Other military aircraft and helicopters	0.0
3. Other military vessels	0.0
4. Military electronics	24.1
5. ABC substances for military use	0.0
6. Military exercise equipment	7.3
7. Armour-plating and protective products	0.1
8. Military auxiliary and production equipment	38.4
9. Military technology and software	8.3
10. Parts and components for "Other military goods"	213.3
Total Cat. B	291.5
Total Cat. A + B	433.3

2000 (II)

Table 2: Value of licences issued for the definitive export of military goods in second-half 2000, by country of final destination

2000 (II) NLG million					
Country of final destination	CAT. A	Specification	CAT. B	Specification	TOTAL
Argentina	0.0	-	0.4	B10	0.4
Australia	0.7	A8, A10	0.0	-	0.7
Austria	2.1	A9, A10	0.0	-	2.1
Bahrain	0.0	-	1.6	B10	1.6
Brazil	0.4	A10	0.1	B10	0.5
Canada	3.4	A8, A10	0.0	-	3.4
Chile	0.1	A10	0.3	B6, B10	0.4
China	0.0	-	1.7	B10	1,7
Denmark	0.5	A9, A10	0.5	B10	1.0
Egypt	0.0	-	1.2	B10	1.2
Finland	0.3	A8, A9	0.3	B4	0.6
France	0.1	A8, A9, A10	5.4	B5, B8, B9, B10	5.5
Georgia	0.1	A10	0.2	B5, B7, B8	0.3
Germany	10.0	A8, A9, A10	127.4	B4, B6, B10	137.4
Greece	4.2	A9, A10	21,0	B8, B9, B10	25.2
Indonesia	0.0	-	6.1	B4	6.1
Israel	0.0	-	0.2	B8	0.2
Italy	3.2	A10	1.1	B10	4.3
Japan	11.0	A10	0.1	B10	11.1
Jordan	2.6	A2	0.0	-	2.6

Lebanon ²	0.0	-	0.1	B4	0.1
Malaysia	0.0	-	1.5	B10	1.5
Morocco	0.0	-	2.2	B10	2.2
Norway	0.1	A10	0.7	B10	0.8
Panama	0.1	A10	0.0	-	0.1
Poland	0.0	-	0.7	B4, B10	0.7
Portugal	0.0	-	14.4	B10	14.4
Russia	0.0	-	0.4	B10	0.4
Singapore	1.9	A9, A10	0.1	B10	2.0
South Korea	0.0	-	34.5	B8, B10	34.5
Spain	0.4	A8, A10	0.6	B10	1.0
Sweden	2.2	A10	0.6	B4, B10	2.8
Switzerland	1.0	A8, A9, A10	9.1	B4, B10	10.1
Taiwan	0.3	A10	12.2	B10	12.5
Thailand	0.1	A9	0.1	B10	0.2
Turkey	0.0	-	2.3	B7, B9, B10	2.3
United Arab Emirates (UAE)	0.0	-	1.1	B10	1.1
United Kingdom	2.9	A8, A9, A10	2.1	B10	5.0
United States of America	53.9	A8, A9, A10	14.4	B4, B8, B10	68.3
Miscellaneous Nato countries ³	40.2	A10	26.7	B4, B6, B10	66.9
<i>Countries accounting for export values below NLG 100,000</i>					
Aruba, Brunei, Czech Republic, Lithuania, Nepal, New Zealand, Oman, Peru, Qatar, South Africa ⁴ and Surinam	0.0	-	0.1	B4, B10	0.1
Total	141.8		291.5		433.3

Footnotes to tables 1 and 2, second-half 2000

¹ The subcategory A10, parts and components for “Arms and munitions”, consists largely of supplies arising out of compensation arrangements (offset) negotiated when the Netherlands purchased F-16 combat aircraft and AH 64 Apache combat helicopters. Under those arrangements, Netherlands manufacturing industry supplies parts and components for in particular the landing gear and the engines of these aircraft. Military marine radar systems and other marine subsystems are also included in this subcategory, because they are counted as components for warships.

² The reported export to the country of final destination Lebanon related to a delivery made by order of the United Nations that was intended for UN operations in that country.

³ The item “Miscellaneous NATO countries” relates to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Greece and Turkey) are licensed final destinations. In practice, this type of licence is used for the supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

⁴ In the Netherlands, an export licence is required for the export of most pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding NLG 100 000, relates to export transactions of this nature. The reason why no value is reported for Category A in second-half 2000 is because the value was so low that rounding-off gave zero.

2000 (total)¹

Table 1: Value of licences issued for the definitive export of military goods in 2000, by category

Main category A, "Arms and Munitions"	2000 (total) NLG million
1. Tanks	0.0
2. Armoured vehicles	2.6
3. Large-calibre weapons (>12.7 mm)	0.0
4. Combat aircraft	0.0
5. Combat helicopters	0.0
6. Warships	0.0
7. Guided missiles	0.0
8. Small-calibre weapons (≤ 12.7 mm)	2.0
9. Ammunition and explosives	30.5
10. Parts and components for "Arms and Munitions" ²	299.5
Total Cat. A	334.6

Main category B, "Other military goods"	2000 (total) NLG million
1. Other military vehicles	0.0
2. Other military aircraft and helicopters	0.0
3. Other military vessels	0.0
4. Military electronics	106.4
5. ABC substances for military use	0.0
6. Military exercise equipment	10.9
7. Armour-plating and protective products	0.1
8. Military auxiliary and production equipment	38.4
9. Military technology and software	9.3
10. Parts and components for "Other military goods"	418.3
Total Cat. B	583.4
Total Cat. A + B	918.0

Table 2: Value of licences issued for the definitive export of military goods in 2000, by country of final destination

2000 (total) NLG million			
Country of final destination	CAT. A	CAT. B	TOTAL
Argentina	0.0	0.7	0.7
Australia	3.8	0.0	3.8
Austria	3.9	0.0	3.9
Bahrain	0.0	1.9	1.9
Bangladesh	0.0	43.5	43.5
Brazil	3.7	0.1	3.8
Brunei	0.0	3.0	3.0
Canada	6.9	0.0	6.9
Chile	0.1	0.3	0.4
China	0.0	2.2	2.2
Denmark	1.9	0.7	2.6
Egypt	0.0	2.7	2.7
Finland	0.4	0.4	0.8
France	1.1	14.0	15.1
Georgia	0.1	0.2	0.3
Germany	24.3	157.5	181.8
Greece	4.5	22.8	27.3
Ireland	1.3	0.0	1.3
Indonesia	0.0	6.1	6.1
Israel	0.1	0.2	0.3

Italy	3.8	1.1	4.9
Japan	11.0	0.3	11.3
Jordan	2.6	0.0	2.6
Kuwait	0.0	1.5	1.5
Lebanon ³	0.0	0.3	0.3
Malaysia	0.0	1.5	1.5
Morocco	0.0	2.2	2.2
Norway	0.5	2.1	2.6
Oman	0.0	0.1	0.1
Panama	0.1	0.0	0.1
Peru	0.0	0.2	0.2
Poland	0.0	1.7	1.7
Portugal	0.0	14.4	14.4
Qatar	0.0	0.9	0.9
Russian Federation	0.0	0.4	0.4
Singapore	2.0	0.5	2.5
South Korea	1.0	145.9	146.9
Spain	1.0	0.6	1.6
Sweden	6.6	0.7	7.3
Switzerland	1.4	26.7	28.1
Taiwan	0.3	12.2	12.5
Thailand	0.2	0.8	1.0
Turkey	0.2	9.9	10.1
United Arab Emirates (UAE)	0.0	1.8	1.8
United Kingdom	19.5	56.3	75.8
United States of America	191.7	17.1	208.8
Miscellaneous NATO countries ⁴	40.5	27.7	68.2
<i>Countries accounting for export values below NLG 100,000:</i>			

Aruba, Czech Republic, Colombia, Ecuador, Lithuania, Nepal, New Zealand, South Africa ⁵ , Surinam and Tanzania	0.1	0.2	0.3
Total	334.6	583.4	918.0

Footnotes to tables 1 and 2, 2000 total

¹ The figures for first-half 2000 were reported to Parliament on 9 November 2000 (Parliamentary Proceedings 22 054, No. 52).

² The subcategory A10, parts and components for "Arms and munitions", consists largely of supplies arising out of compensation arrangements (offset) negotiated when the Netherlands purchased F-16 combat aircraft and AH 64 Apache combat helicopters. Under those arrangements, Netherlands manufacturing industry supplies parts and components for in particular the landing gear and the engines of these aircraft. Military marine radar systems and other marine subsystems are also included in this subcategory, because they are counted as components for warships.

³ The reported export to the country of final destination Lebanon related to a delivery made by order of the United Nations that was intended for UN operations in that country.

⁴ The item "Miscellaneous NATO countries" relates to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Greece and Turkey) are licensed final destinations. In practice, this type of licence is used for the supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

⁵ In the Netherlands, an export licence is required for the export of most pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding NLG 100 000, relates to export transactions of this nature.

Appendix 2

Denial notifications

Introduction

Within the framework of the EU Code of Conduct as well as within the framework of the voluntary information exchange of the Wassenaar Arrangement (WA) the Netherlands offers its partners information on denied licence applications for export of military goods. These denial notifications do not just contain a description of the goods concerned but also contain information such as the intended consignee and end user. Furthermore, to provide the partners with an insight into the Netherlands motivation behind a denial, a notification will also identify which of the criteria of the arms export policy as described in the Code of Conduct are the main cause for rejection of a particular application.

The first and foremost aim of the provision of data on denials is to inform the export control authorities of the partners within the EU and WA about the Netherlands security policy concerns regarding deliveries of particular military items to particular end users. At the same time the format of the denial notifications provides the possibility for partners to enter into further consultations in case they are confronted with a similar licence application. Although arms export policy, certainly within the WA but to date also within the EU, is acknowledged as being a policy area for national discretion, the Netherlands government does consider the exchange of denial notifications as a step towards increased harmonisation. Because of this, the Netherlands strongly supported the inclusion of such an information exchange as an integral part of the EU Code of Conduct. Furthermore, for lack of consensus on such a formal expansion of the information exchange within the framework of the Wassenaar Arrangement, the Netherlands was one of the first to offer its WA partners denial notifications on a voluntary basis.

Thus the primary purpose of denial notifications is to inform the export control authorities of other countries and to promote further arm export policy harmonisation within the EU and amongst partners within the Wassenaar Arrangement. At the same time the Netherlands government realises that the provision of data on denials offers a possibility to enhance the transparency of the implementation of the Netherlands arms export policy. Because the security policy and commercial and legal limitations that argue against publishing specific information on individual export transactions are less relevant in case of denied applications, the denial notifications that have been presented by the Netherlands within the framework of the EU Code of Conduct since its adoption in June 1998 can now be included in this non-confidential report.

It is pointed out that in the Netherlands a formal denial can only be the result of a formal licence application and that one of the prerequisites for such an application is

the existence of a signed contract. Negative advice by the export control authorities on pre-contract enquiries (“sondages”) is not considered to constitute a formal denial and is therefore not included in the list of Netherlands denial notifications in the framework of the EU Code of Conduct.

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Turkey

Short description of equipment, including quantity and where appropriate, technical specifications: cartridge links for calibre 7.62 mm ammunition (WA ML 3)

Proposed consignee: Ministry of Defense

Proposed end-user (if different):

Reason for refusal: criteria 2, 3 and 4

Date of denial: January 2000

Denial number: NL 01/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Egypt

Short description of equipment, including quantity and where appropriate, technical specifications: Equipment for the testing of nuclear, biological and chemical filters (WA ML 7e and WA ML 18b)

Proposed consignee: Condition Company, Cairo

Proposed end-user (if different): Egyptian Army, Chemical War Defense Department

Reason for refusal: criteria 1, 3 and 6, where Egypt's non-participation to the UN Arms Register was also taken into consideration

Date of denial: May 2000

Denial number: NL 02/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Turkey

Short description of equipment, including quantity and where appropriate, technical specifications: Parts of M113 armoured vehicles (WA ML 6)

Proposed consignee: Emir, Kayseri

Proposed end-user (if different): Turkish Army

Reason for refusal: criteria 2, 3 and 4

Date of denial: May 2000

Denial number: NL 03/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Turkey

Short description of equipment, including quantity and where appropriate, technical specifications: Parts of M113 armoured vehicles (WA ML 6)

Proposed consignee: Canova Otomotiv San. Ve Tic. Ltd sti., Istanbul

Proposed end-user (if different): Turkish Army

Reason for refusal: criteria 2, 3 and 4

Date of denial: May 2000

Denial number: NL 04/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Philippines

Short description of equipment, including quantity and where appropriate, technical specifications: Parts of M113 armoured vehicles WA ML 6)

Proposed consignee: General Vehicle Parts Manu. R Reb Center Inc., Manila

Proposed end-user (if different): Light Armour Brigade, Philippine Army, Tarlac

Reason for refusal: criterion 3

Date of denial: May 2000

Denial number: NL 05/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Philippines

Short description of equipment, including quantity and where appropriate, technical specifications: Spare parts for V-150 armoured vehicles (WA ML 6)

Proposed consignee: General Vehicle Parts Manu. R Reb Center Inc., Manila

Proposed end-user (if different): Light Armour Brigade, Philippine Army, Tarlac

Reason for refusal: criterion 3

Date of denial: May 2000

Denial number: NL 06/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Turkey

Short description of equipment, including quantity and where appropriate, technical specifications: Spare parts for M113 and M88 armoured vehicles (WA ML 6)

Proposed consignee: Delta Limited, Ankara

**Proposed end-user:
(if different)** Turkish Land Forces Command, 1009 Ncu
Ordudonatim ana Tamir Fabrikasi Mudurlugu,
Kayseri

Reason for refusal: criteria 2, 3 and 4

Date of denial: June 2000

Denial number: NL 07/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Turkey

Short description of equipment, including quantity and where appropriate, technical specifications: Spare parts for M113 and M88 armoured vehicles (WA ML 6)

Proposed consignee: Delta Limited, Ankara

**Proposed end-user:
(if different)** Turkish Land Forces Command, 1010 Ncu Tirtili Arac Palet Yenilestirme Fabrikasi Mudurlugu, Arifiye/Adapazari

Reason for refusal: criteria 2, 3 and 4

Date of denial: June 2000

Denial number: NL 08/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Turkey

Short description of equipment, including quantity and where appropriate, technical specifications: Spare parts for M113 and M42 armoured vehicles (WA ML 6)

Proposed consignee: Emir, Kayseri

**Proposed end-user:
(if different)** Turkish Army

Reason for refusal: criteria 2, 3 and 4

Date of denial: June 2000

Denial number: NL 09/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Angola

Short description of equipment, including quantity and where appropriate, technical specifications: military transport vehicle (Common List item 6)

Proposed consignee: Kissas, Soyo

Proposed end-user (if different):

Reason for refusal: criteria 3, 4 and 6

Date of denial: July 2000

Denial number: NL 10/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Iran

Short description of equipment, including quantity and where appropriate, technical specifications: rebreathing apparatus specially designed for military use (Common List item 17.1.)

Proposed consignee: Ministry of Defence, for the Supply and Purchasing Organisation, Tehran

Proposed end-user (if different):

Reason for refusal: criteria 4, 6 where Iran's non participation to the UN Arms Register was taken into consideration, and criterion 7

Date of denial: October 2000

Denial number: NL 11/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Botswana

Short description of equipment, including quantity and where appropriate, technical specifications: Battlefield surveillance radar (Common List item 5.2.)

Proposed consignee: Ministry of Defence (for the Army), Botswana

Proposed end-user (if different):

Reason for refusal: criteria 4 + 6 where Botswana's non participation to the UN Arms Register was taken into consideration

Date of denial: October 2000

Denial number: NL 12/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Bahrain

Short description of equipment, including quantity and where appropriate, technical specifications: hand-held thermal imaging viewer (for day and night observations) (Common List item 15.4.)

Proposed consignee: Ministry of Defence

Proposed end-user (if different):

Reason for refusal: criteria 4 + 6 where Bahrain's non participation to the UN Arms Register was taken into consideration

Date of denial: October 2000

Denial number: NL 13/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Kuwait

Short description of equipment, including quantity and where appropriate, technical specifications: hand-held thermal imaging viewer (for day and night observations) (Common List item 15.4.)

Proposed consignee: Ministry of Defence

Proposed end-user (if different):

Reason for refusal: criteria 4 + 6 where Kuwait's non participation to the UN Arms Register was taken into consideration

Date of denial: October 2000

Denial number: NL 14/2000

The Netherlands has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country: Oman

Short description of equipment, including quantity and where appropriate, technical specifications: hand-held thermal imaging viewer (for day and night observations) (Common List item 15.4.)

Proposed consignee: Ministry of Defence

Proposed end-user (if different):

Reason for refusal: criteria 4 + 6 where Oman's non participation to the UN Arms Register was taken into consideration

Date of denial: October 2000

Denial number: NL 15/2000

