



**THE DEVELOPMENT OF NATIONAL
AND REGIONAL REPORTS
ON ARMS EXPORTS IN THE EU
AND SOUTH EASTERN EUROPE**

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The South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC) has a mandate from the United Nations Development Programme and the Regional Cooperation Council to support all international and national stakeholders by strengthening national and regional capacity to control and reduce the proliferation and misuse of small arms and light weapons, and thus contribute to enhanced stability, security and development in South Eastern and Eastern Europe.

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The Development of National and Regional Reports on Arms Exports in the EU and South Eastern Europe

Acknowledgements: This report was researched and written by Mark Bromley, Senior Researcher in the SIPRI Arms Transfers Programme, between September and November 2010. The author wishes to thank the following for their valuable assistance: Snežana Milić of the Serbia Ministry of Economic and Regional Development; Elton Hodja of the Albania State Export Control Authority; Duško Ivanov, of the former Yugoslav Republic of Macedonia Ministry of Interior; and Žarko Marjanović of the Montenegro Ministry of Economy. The author would also like to thank Henning Weber for his invaluable assistance during his internship at SIPRI and the support of SEESAC. The project was overseen by Diman Dimov, Team Leader, SEESAC, with the assistance of Ivan Zveržhanovski, Deputy Team Leader, SEESAC and Iva Savić, Communications Officer.

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ISBN: 978-86-7728-157-1

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1. Introduction

This study analyses the production of national and regional reports on arms exports by the European Union (EU) member states and states in South Eastern Europe. It discusses the initial rationale for producing these reports before making a comparative analysis of the information they contain on arms export licences, arms exports and brokering licences. In particular, the study discusses the different formats used in these reports, the levels of transparency achieved and makes recommendations for possible future improvements.

This study focuses on mechanisms of public transparency as opposed to intergovernmental transparency.¹ Public transparency refers to the publishing of information that is freely available among the public at large. Intergovernmental transparency refers to the confidential exchange of information between governments. The exchange of information is not viewed as a goal in itself, but as a means to build confidence and enhance co-operation between states that regard participation as being in line with their national and international security interests. Exchange of export licence denials are examples of intergovernmental transparency in the sphere of arms exports.

The main purpose of publishing national and regional reports on arms exports is to contribute to an understanding of how export criteria are being interpreted at the national level. This is intended to allow parliamentarians, the media, Non-Governmental Organisations (NGOs), interested citizens and other states to monitor a government's compliance with its national and international obligations in this area.² To allow for an assessment of whether the government is upholding national, regional and international commitments relating to controls on the export of military goods and related items.

1 See Bernard I. Finel; Kristin M. Lord (eds.), *Power and Conflict in the Age of Transparency*, (New York: Palgrave, 2000).

2 Greene, O. and Batchelor, P, *Information Exchange and Transparency: Key Elements of an International Action Programme on Small Arms*, Biting the Bullet Briefing 9, London: BASIC, International Alert and Saferworld, 2001; and *Small Arms Survey, Small Arms Survey 2007: Guns and the City* (Cambridge: Cambridge University Press, 2007), pp. 73–81.



2. National reports on arms exports

Since the early 1990s an increasing number of governments, particularly in Europe, have chosen to publish national reports on their arms exports (See Table 2.1).³ The initial push to publish national reports on arms exports came from parliament and NGO demands for greater oversight of their governments' implementation of its arms export policies. Such demands gained particular traction following a spate of arms export related scandals in the 1970s, 1980s and 1990s.⁴

Hence, the primary aim of these mechanisms was to allow parliaments and civil society to assess the extent to which governments are upholding commitments made in their arms export policies. In many cases, the publication of national reports has provided an invaluable level of public oversight on arms exports decision-making. In several cases, the publication of the reports is coupled with parliamentary hearings of NGO reports which seek to raise questions about potential transfers and generally seek to force governments to tighten their export controls.

3 These reports are available at URL <http://www.sipri.org/contents/armstrad/atlinks_gov.html>.

4 Marriano B. and Urquart, A., *Transparency and accountability in European arms export controls: Towards common standards and best practices*, Saferworld, Dec. 2000, p. 3.

➤ **Table 2.1 - Production of annual reports on arms exports by EU member states and states in South Eastern Europe^a**

State	1984	1990	1991	1993	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 ^b
Albania																X	X	X
Austria													X	X	X	X	X	X
Belgium ^c				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Bel.-Brussels												X	X	X	X	X	X	X
Bel.-Flanders												X	X	X	X	X	X	X
Bel.-Wallonia												X	X	X	X	X	X	X
Bosnia and Herzegovina												X	X	X	X	X	X	X
Bulgaria												X	X	X	X	X	X	X
Croatia																		X
Czech Republic												X	X	X	X	X	X	X
Denmark							X	X	X	X	X	X	X	X	X	X	X	X
Estonia												X	X	X	X	X	X	X
Finland							X	X	X	X	X	X	X	X	X	X	X	X
France							X	X	X	X	X	X	X	X	X	X	X	X
Germany							X	X	X	X	X	X	X	X	X	X	X	X
Hungary																		X
Ireland ^d							X											
Italy ^c		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
FYROM														X	X	X	X	X
Montenegro														X	X	X	X	X
Netherlands						X	X	X	X	X	X	X	X	X	X	X	X	X
Poland																		X
Portugal					X	X	X	X	X	X	X	X	X	X	X	X	X	X
Romania									X	X	X	X	X	X	X	X	X	X
Serbia														X	X	X	X	X
Slovakia													X	X	X	X	X	X
Slovenia													X	X	X	X	X	X
Spain ^c			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Sweden ^c	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
UK																		X
Total	1	2	3	4	5	7	10	11	12	12	12	16	21	24	25	25	25	27

- a The table refers to the year covered by the national report on arms exports. Hence, if a country has published a report in 2009 on its arms exports during 2008, an entry has been made in the table for 2008.
- b 2009 information is correct as of 25 August 2011.
- c Belgium Italy, Spain and Sweden have published a national report on arms exports for every year since the publication of their first report.
- d Ireland's report only covers January 1998.

Source: National reports on arms exports. Available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

National reports on arms exports in the European Union

Within Europe, Sweden was the first state to publish a national report on arms exports. The first report was published in 1985 as a result of increased public pressure following a number of arms export related scandals in the 1970s and 1980s.⁵ After an investigation by the Advisory Board on Export of Military Equipment in 1984, the Swedish government pledged to broaden public debate on the issue by producing an annual report on Sweden's exports of military material.⁶ The first Italian national report was published in 1990 and the first Belgian national report was published in 1994.⁷

In recent years, Europe has seen the most significant advances in both the number and detail of national reports on arms exports. A key factor driving this process has been the adoption of the EU Code of Conduct on Arms Exports (EU Code) in 1998 and its successor the EU Common Position defining common rules governing the control of exports of military technology and equipment (EU Common Position) in 2008 (see below).

As of August 2011, 21 of the 27 EU member states have published the report on at least one occasion, compared with 7 of the 15 EU member states in January 1998, the year the EU Code was introduced. The EU Code and the EU Common Position oblige states to collect and report detailed information on arms exports according to a standardized format, something many had not done before. They also help to strengthen the norm of publishing detailed information on arms exports and help make states more aware of transparency levels in other member states.

Under the EU Common Position, states that export arms are now obliged to produce a national report on arms exports. The EU Common Position states that '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.'⁸ Six EU member states are yet to publish a national report on arms exports.⁹

An active parliamentary and NGO lobby has also played an important role in pushing for more, and more detailed, national reports among EU member states. In particular, national groups have sought to draw their governments' attention to advances made in other member states and pushed for their adoption domestically.¹⁰

5 Marriano B. and Urquart, A., *Transparency and accountability in European arms export controls: Towards common standards and best practices*, Saferworld, Dec. 2000, p. 25.

6 Utrikesutskottets betänkande 1988/85:5 om insyn och samråd rörande krigsmaterielexport (prop. 1984/85:82), Stockholm, 1984.

7 Marriano B. and Urquart, A., *Transparency and accountability in European arms export controls: Towards common standards and best practices*, Saferworld, Dec. 2000, p. 16, p. 5

8 Council of the European Union, Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment, *Official Journal of the European Union*, L335, 13 Dec. 2008. Since 2004, the User's Guide to the European Union Code of Conduct, has stated that each member state is required to 'publish a national report on its defence exports, the contents of which will be in accordance with national legislation.' (Council of the European Union, 'User's guide to the European Union Code of Conduct on Exports of Military Equipment', Brussels, 23 Dec. 2004, p. 22.)

9 These states are Cyprus, Greece, Latvia, Lithuania, Luxembourg and Malta.

10 For example, see Amnistía Internacional, Greenpeace, and Intermón-Oxfam, *Comercio de armas en España: una ley con agujeros: Recomendaciones al proyecto de ley sobre el comercio exterior de material de defensa y doble uso [Arms trade in Spain: a law with holes: Recommendations to the draft law on foreign trade of military and dual use]*, Feb. 2007.

Although EU member states' national reports have increased in size and detail, NGO demands for ever more timely and comprehensive information show no sign of abating. As more information has become available it often raised questions which can, themselves, only be answered with more detailed reporting. Common improvements in national reporting currently demanded by NGO's include: better information on SALW exports; more detailed descriptions of goods licensed and exported; information on the type of end-user; and details of new and ongoing licensed production agreements with suppliers in other countries.¹¹

National reports on arms exports in South Eastern Europe _____

The EU has been actively encouraging states in its immediate neighbourhood to publish national reports on arms exports, an effort which has had particular success in the South Eastern Europe. Since 2005 national reports have been published for the first time by Bosnia and Herzegovina (February 2005), the former Yugoslav Republic of Macedonia (June 2006), Montenegro (July 2007), Serbia (November 2007), Albania (December 2009) and Croatia (August 2010). In many cases, these reports contain a level of detail that equals or surpasses that contained in many of the reports produced by EU member states, particularly with regard to descriptions of the goods licensed or exported, the type of end-user and export licence denials.

Albania _____

Albania published its first national report on arms exports in December 2009. The report covers Albania's arms exports during 2007 and 2008. Since then, Albania has published a national report on its arms exports in 2009. The reports contain information on arms export licenses issued as well as arms exports broken down by destination and control list category (See Table 2.2).¹² Additional information is also provided on arms imports; the transfer control system; the control list; national legislation; and membership of multilateral transfer control regimes. The production and publication of a national report on arms exports is mandatory according to the Decision of the Council of Ministers no. 43 from January 2008.¹³ The decision to publish a national report on arms exports was motivated by the desire to create a 'tool' to help inform industry, parliament and different government ministries within Albania of the procedures for controlling international transfers of military and dual use goods.¹⁴ Putting the report together takes two weeks.¹⁵

11 For example, UK House of Commons Business, Innovation and Skills, Defence, Foreign Affairs, and International Development Committees, *Scrutiny of Arms Export Controls (2010): UK Strategic Export Controls Annual Report 2008, Quarterly Reports for 2009, licensing policy and review of export control legislation*, House of Commons, 30 March 2010, Ev 13.

12 Albanian State Export Control Authority, *Annual Report on Export Control for 2007 and 2008* (Albanian Ministry of Defence: Tirana, 2009).

13 Decision of the Council of Ministers no. 43, dated 16.01.2008, "On Organizing, Functioning and Status of the State Export Control Authority".

14 Elton Hodja, Albania State Export Control Authority. Communication with the author, 12 Nov. 2010.

15 Elton Hodja, Albania State Export Control Authority. Communication with the author, 12 Nov. 2010.

Bosnia and Herzegovina

Bosnia and Herzegovina published its first report on arms exports in February 2005. The report covers Bosnia and Herzegovina's arms exports during 2004. Since then, Bosnia and Herzegovina has published national reports on their arms exports during 2006, 2007, 2008 and 2009. The reports contain information on arms export licenses issued disaggregated by destination and control list category (See Table 2.2). The reports also contain detailed information on arms export licence denials. This includes the number of export licence denials, the financial value of the licences and a description of the goods, sorted by destination and control list category. Additional background information is also provided on transfers of dual-use goods, arms imports, the entities registered to undertake arms transfers, the national transfer control system, the national control list, export licence criteria, national legislation, and membership of multilateral transfer control regimes.

Croatia

Croatia published its first national report on arms exports in August 2010. The report covers Croatia's arms exports during 2009. The reports contain information on arms export licenses issued, sorted by destination and control list category (See Table 2.2).¹⁶ Information was not provided on arms exports due to problems with the data supplied by the customs authorities. However, as of 1 January, 2010, the customs authorities have been integrated into the system used by the licensing authority for processing export licences - the US-designed TRACKER Program. It is anticipated that this will improve the quality of data collected on arms exports.¹⁷ Additional information is also provided on arms imports; entities registered to undertake arms transfers, the transfer control system, the control list, export licence criteria, national legislation and membership of multilateral transfer control regimes. The production and publication of the national report on arms exports is mandatory according to the Law on the Export and Import of Military and Non-Military Lethal Goods of July 2008.

¹⁶ Albanian State Export Control Authority, *Annual Report on Export Control for 2007 and 2008* (Albanian Ministry of Defence: Tirana, 2009).

¹⁷ Republic of Croatia, Ministry of Economy, Labor and Entrepreneurship, *Annual Report on Export and Import of Military Goods and Non-Lethal Goods for 2009*, Aug. 2010, Chapter 6: Licences issued in 2009.

The former Yugoslav Republic of Macedonia

The former Yugoslav Republic of Macedonia published its first national report on arms exports in June 2006, which covers national arms exports during 2005. Since then, the former Yugoslav Republic of Macedonia has published a national report on their arms exports during 2006. In 2007, the former Yugoslav Republic of Macedonia issued only two export licences while no export licences were issued in 2008.¹⁸ The reports contain information on arms export licenses issued and arms exports classified by destination and individual licence. Additional background information is also provided on transfers of dual-use goods, SALW exports, national legislation, and membership in multilateral transfer control regimes. The decision to publish the national report on arms exports was motivated by 'international obligations' and good cooperation with SEESAC.¹⁹ Putting the report together takes only a few days, although the information it contains is collected throughout the year.

Montenegro

Montenegro published its first annual report on arms exports in July 2007.²⁰ The report covers Montenegro's arms exports during 2006. Since then, Montenegro has published national reports on the country's arms exports during 2007, 2008 and 2009. The reports contain information on arms export licenses issued and arms exports, classified by destination and control list category. The reports also contain detailed information on arms export licence denials. This includes the number of export licence denials sorted by both destination and control list category. Additional background information is also provided on transfers of dual-use goods, arms imports, the entities registered to undertake arms transfers, the national transfer control system, the national control list, export licence criteria, national legislation, and membership of multilateral transfer control regimes. The decision to publish the national report on arms exports was taken 'in the spirit of transparency and good will' and in accordance with the 'best practice of the European Union and the EU Code of Conduct'.²¹ Putting the report together takes three months.²² Montenegro has received positive feedback on the report from both national industry representatives and colleagues and partners abroad.²³

18 SEESAC, *Regional Report on Arms Exports in 2007* (SEESAC: Belgrade, 2009); and SEESAC, *Regional Report on Arms Exports in 2008* (SEESAC: Belgrade, 2010).

19 Dusko Ivanov, the former Yugoslav Republic of Macedonia Ministry of Interior. Communication with the author, 3 Nov. 2010.

20 *Annual Report on Import and Export of Controlled Goods in 2006*, The Republic of Montenegro Ministry for Economic Development, July 2007.

21 *Annual Report on Import and Export of Controlled Goods in 2006*, The Republic of Montenegro Ministry for Economic Development, Jul. 2007.

22 Zarko Marjanovic, Montenegro Ministry of Economy, Correspondence with the author, 2 Nov. 2010.

23 Zarko Marjanovic, Montenegro Ministry of Economy, Correspondence with the author, 2 Nov. 2010.

Serbia

Serbia published its first annual report on arms exports in November 2007.²⁴ The report covers Serbia's arms exports during 2005 and 2006. Since then, Serbia has published national reports on its arms exports during 2007, 2008 and 2009. The reports contain information on arms export licenses issued and arms exports, broken down by destination and control list category. The reports also contain detailed information on arms export licence denials including the number of export licence denials, the financial value of the goods, descriptions of the goods, the number of items, information on the end-user and the reasons the denials were issued, all sorted by destination and control list category. Additional background information is also provided on transfers of dual-use goods, arms imports, the entities registered to undertake arms transfers, the national transfer control system, the national control list, export licence criteria, national legislation, and membership in multilateral transfer control regimes (See Table 2.2) Article 28, Paragraph 3 of Serbia's Law on Foreign Trade in Weapons, Military Equipment and Dual-Use Goods forms the legal basis for the production of the national report. The decision to publish the national report on arms exports was made 'in accordance with international recommendations'.²⁵ Among the challenges officials faced when compiling the report was the lack of strongly established cooperation with the customs authorities in the field of data collection.²⁶ Putting the report together takes a minimum of 30 days but the data collection work is a year-round process.²⁷ Producing the report has increased the transparency of Serbia's arms exports while also improving the government's ability to monitor arms imports and exports.²⁸

24 *Annual Report on the Realization of Foreign Trade Transfers of Controlled Goods for 2005 and 2006*, The Republic of Serbia Ministry of Economic and Regional Development, Nov. 2007.

25 *Annual Report on the Realization of Foreign Trade Transfers of Controlled Goods for 2005 and 2006*, The Republic of Serbia Ministry of Economic and Regional Development, Nov. 2007, p. 2.

26 Snezana Milic, Republic of Serbia Ministry of Economy and Regional Development, Correspondence with the author, 5 Nov. 2010.

27 Snezana Milic, Republic of Serbia Ministry of Economy and Regional Development, Correspondence with the author, 5 Nov. 2010.

28 Snezana Milic, Republic of Serbia Ministry of Economy and Regional Development, Correspondence with the author, 5 Nov. 2010.

➤ **Table 2.2 - Comparison of national reports on arms exports produced by states in South Eastern Europe**

Type of information	Albania		Bosnia & Herzegovina		Croatia	FYROM		Montenegro		Serbia	
	2007- - 2008	2009	2004	2009	2009	2005	2006	2006	2009	2005 - - 2006	2009
Export licences issued											
Number of licences	x	x	x	x	x	x	x	x	x	x	x
Financial value	x	x	x	x	x			x	x	x	x
Description of goods			x		x	x	x	x	x	x	x
Number of items						x	x	x	x	x	x
Information on type of end-user						x	x			x	x
Disaggregated by destination	x	x	x	x	x	x	x	x	x	x	x
Disaggregated by control list category	x	x	x	x	x					x	x
Disaggregated by individual licence							x				
Export licence denials											
Number of licences			x	x				x	x	x	x
Financial value			x	x				x	x	x	x
Description of goods										x	x
Number of items										x	x
Information on type of end-user										x	x
Reasons for denial										x	x
Disaggregated by destination			x	x						x	x
Disaggregated by control list category				x							
Disaggregated by individual licence				x							

Type of information	Albania		Bosnia & Herzegovina		Croatia	FYROM		Montenegro		Serbia	
	2007- - 2008	2009	2004	2009	2009	2005	2006	2006	2009	2005 - -2006	2009
Arms exports	x	x				x	x	x	x	x	x
Financial value	x	x						x	x	x	x
Description of goods						x	x	x	x	x	x
Number of items						x	x	x	x		
Information on type of end-user						x	x	x	x	x	x
Disaggregated by destination	x	x				x	x	x	x	x	x
Disaggregated by control list category	x	x							x	x	x
Disaggregated by individual licence							x				
Transfers of dual-use goods				x		x	x	x	x	x	x
Arms import licences issued			x	x	x			x	x	x	x
Arms imports	x	x		x				x	x	x	x
Separate section on SALW exports						x	x				
Information on entities registered to undertake arms transfers			x	x	x				x	x	x
List of entities					x				x	x	x
Information on the transfer control system	x	x	x	x	x			x	x	x	x
Information on the control list	x	x	x	x	x			x	x	x	x
Information on the export licence criteria			x	x	x			x	x	x	x
Information on the legislation	x	x	x	x	x	x	x	x	x	x	x
Information on control regime membership	x	x	x	x	x	x	x	x	x	x	x
Report or summary of the report in English	x	x	x	x	x	x	x	x	x	x	x

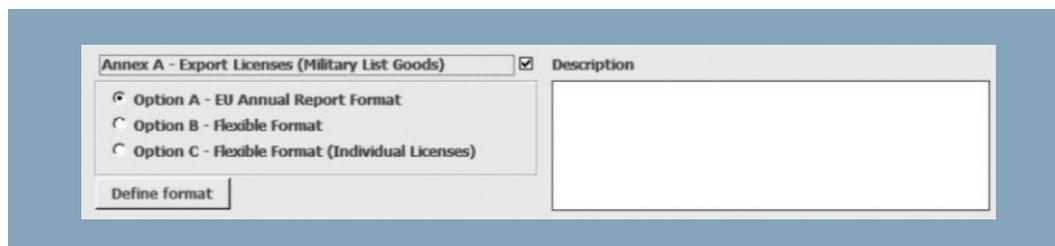
Source: National reports on arms exports. Available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>.

The SEESAC arms export control reports templates

In producing their national reports on arms exports, a number of states in South Eastern Europe have utilized a set of templates created by SEESAC (See box 2.1). These templates allow national authorities to create national reports on arms exports using a list of possible sections and a pre-determined set of formats for each section. For example, in the section on export licences issued, national authorities can choose from three options. Option A follows the format used in the EU annual report. Information is provided on the financial value of export licences issued, listed by destination and EU Military List category. Option B gives a range of different categories of information for possible inclusion in the report. National authorities can choose to include information on financial values, descriptions of goods, number of items, control list categories and type of end-user. National authorities can then decide whether to sort the information by destination, control list category, destination and control list category, or by individual licence. Option C allows the national authority to provide separate, detailed information on each export licence issued.

For example, for the Serbian National Report on Arms Exports the national authority has utilized option B and has chosen to provide information on financial values, description of goods, number of items, type of end-user and control list category, sorted by destination (See box 2.2). In a further boost to transparency, the Serbian National Report on Arms Exports includes information on both the export destination and the end-user country.

› Box 2.1 - Screenshot from SEESAC arms export control reports templates



Available at: <<http://www.seesac.org/resources/arms-export-reports-templates/1/>>

› Box 2.2 - Information on arms licensed for export in Serbia's national report on arms exports in 2007

No.	Export destination	Number of issued licenses	Number from NCL (AME)	Value of issued licenses (in USD) ¹	Description of goods	Quantity (in measurement units) ²	End-user country	Type of end-user
1.	Algeria	1	3	1,201,700	Ammunition	50,000 pcs	Algeria	M
2.	Australia	5	3	1,264,164.72	Ammunition	4,470,000 pcs	Australia	C
3.	Austria	8	3, 17	266,953.25	Ammunition, hunting carbine mechanisms, rifle model with cross-section of a bullet	9670 pcs	Austria	C, M
4.	Bulgaria	21	1, 3, 8	11,620,304.52	Powder, propellant for air launched missiles, celluloid, ammunition, machine guns, rifles, carbines, mixture with delayed effect	8847903 kg; 124,640 kg	Bulgaria	C
5.	Belgium	8	3	16,415,371.63	Ammunition	58,935,000 pcs	Belgium	C
6.	Bosnia and Herzegovina	18	1, 3	1,865,079.83	Pistols, carbines, parts for pistols, Revolvers, carbines, ammunition,	3,781,805 pcs	Bosnia and Herzegovina, Turkey, Saudi Arabia,	C, M

¹ The value in USD is equivalent to the amount calculated according to the medium exchange rate of NBS on 31 December 2007.

² Data on AME exports has been obtained from the exporter.

National reports on arms exports in the rest of the world

The first country to publish a national report was the United States and US-reporting on arms exports remains among the most detailed in the world. According to Section 655 of the 1961 Foreign Assistance Act the US government is required by Congress to prepare an annual report on military assistance, military exports and military imports.²⁹ The 'Section 655' Report contains separate sections prepared by the State Department and the Department of Defence, the two agencies with primary responsibility for the US arms exports policy.³⁰ The US Department of Defence also produces the annual 'Foreign Military Sales, Foreign Military Construction Sales and Military Assistance Facts' containing information on Foreign Military Sales (FMS) agreements and deliveries.³¹

The United States has led the way in the field of arms export policy transparency, however, the US system is not without its limitations. In particular, certain sections of the national reports are not made public automatically and only become available via Freedom of Information Act requests.³²

Beyond Europe and North America, there continues to be little appetite for the publication of national reports on arms exports. Outside the EU and South Eastern Europe, the only countries to have published national reports on arms exports in the last 10 years are Australia, Canada, Norway, South Africa, Switzerland, the Ukraine and the United States.³³ Worldwide, interest in producing national reports on arms exports is uneven. The majority of states remain content to submit data to the UN Register or make general statements regarding the overall financial value of their arms exports, occasionally coupled with lists of the most important recipients. Factors limiting the further spread of national reports are similar to those halting transparency increases in other areas. These include lack of resources, the absence of an active NGO and parliamentary lobby, and the concerns of vested economic and political interests.³⁴

29 The 1961 Foreign Assistance Act (PL87-195) is available on the Internet site of the Federation of American Scientists at URL <<http://www.fas.or/asmp/resources/govtdocs.htm>>.

30 For more information on the mechanisms of US transfer controls, see Schroeder, M. and Stohl, R., 'Appendix 17A. US export controls', *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2005), pp. 720-740; Lumpe, L. and Donarski, J., *The arms Trade Revealed: A Guide for Investigators and Activists* (Federation of American Scientists Arms Sales Monitoring Project: Washington, DC, 1998).

31 <<http://www.dsca.osd.mil/Default.htm>>.

32 For example, the Department of Defence's contribution to the 'Section 655' report is only available via this route. Schroeder, M., 'FAS Obtains a Copy of U.S. Arms Sales Report', Strategic Security Blog - A project of the Federation of American Scientists, 19 Sep. 2006, URL <http://www.fas.org/blog/ssp/2006/09/fas_obtains_a_copy_of_us_arms.php>.

33 These reports are available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>.

34 Bernard I. Finel; Kristin M. Lord (eds.), *Power and Conflict in the Age of Transparency*, (New York: Palgrave, 2000).





3. Regional reports on arms exports

The EU annual report on arms exports

During 1991–92, the European Council adopted eight criteria which EU member states agreed to apply when assessing their arms exports. These criteria were aimed at helping to harmonize national assessments of export licence applications and limiting arms transfers to countries in conflict or regions of tension, as well as preventing negative impacts on human rights and economic development.³⁵ These eight criteria were incorporated into:

- The European Union Code of Conduct on Arms Exports (the EU Code), which was adopted as a politically binding instrument by the Council of the EU in June 1998; and
- The EU Common Position defining common rules governing control of exports of military technology and equipment (EU Common Position), which is a legal instrument that was adopted in December 2008 and replaced the EU Code of Conduct.

Under the EU Code, member states committed themselves to set ‘high common standards which should be regarded as the minimum for the management of, and restraint in, conventional arms transfers’ and ‘to reinforce cooperation and to promote convergence in the field of conventional arms exports’ within the framework of the Common Foreign and Security Policy (CFSP).³⁶

States also agreed to exchange confidential information on their denials of arms export licences along with aggregated data on their export licence approvals and their actual exports. Moreover, member states agreed to consult other member states when considering granting an export licence which is ‘essentially identical’ to a licence that another member state had denied within the last three years. The data on licences and exports are compiled in the publicly available *Annual report according to operative provision 8 of the European Union Code of Conduct on*

35 For more information, see Bromley, M. *The Impact on Domestic Policy of the EU Code of Conduct on Arms Exports: The Czech Republic, the Netherlands and Spain*, SIPRI Policy Paper No. 21 (Stockholm: SIPRI, 2008).

36 Council of the European Union, ‘European Union Code of Conduct on Arms Exports’, Document 8675/2/98 Rev 2, Brussels, 5 June 1998.

Arms Exports (EU annual report). Originally intended to be a confidential exchange of information, the EU annual report has been publicly accessible since 1999 following pressure from the European parliament, NGOs, and the 1999 Finnish EU Presidency.³⁷

The EU annual report is released in November or December of each year. Given that each report covers a 12 month time period, the information it contains can be up to two years old at the time of its release.

Since the creation of the EU Code there have been ongoing efforts to improve its workings and increase its ability to harmonise member states' arms export policies. A significant part of this process has involved increasing the amount of information submitted to the EU annual report.³⁸ For the First EU annual report, published in 1999, states were asked to submit only the total financial value of arms exports licences granted and actual arms exports. Since the Sixth EU annual report, published in 2004, states have been asked to submit data on the financial value of both arms export licences and actual arms exports, broken down by both destination and the 22 categories of the EU Common Military List (EU Military List).³⁹ This information is reproduced in the EU annual report which includes separate tables for different destinations and geographic regions. Information is also provided on export licence denials. The number of licences denied per destination is provided, along with the reason the licence was denied, broken down by the 22 categories of the EU Military List. The member state that denied a licence is not identified in the EU annual report, but this information can be found in some of the states' own national reports on arms exports (see below).⁴⁰

All 27 EU member states supplied information to the 12th annual report and 17 provided data for all requested categories. This is a slight fall since the 11th annual report, which reached 19 full submissions (see Table 3.1). The three largest arms exporters in the EU—France, Germany and the United Kingdom—all failed to make full submissions to the 12th annual report, thereby undermining its overall value as a transparency instrument. Germany and the UK have long had technical difficulties with collecting and submitting data on the actual arms exports disaggregated by EU Military List categories.

In general, states that have joined the EU since 2004 have been more successful in making full submissions to the EU annual report than the states that already were members in 2004. For the 12th annual report, 6 of the 15 states that were members of the EU before 2004 made full submissions to the EU annual report, compared with 11 of the 12 that became EU members after 2004. In particular, many of the pre-2004 member states continue to have problems with the submission of disaggregated data on actual exports because they lack effective mechanisms at the national level for gathering this information. In practice, the most effective way of collecting this information is to require companies that receive arms export licences to submit reports on

37 Bauer, S. and Bromley, M., *The European Union Code of Conduct on Arms Exports: Improving the Annual Report*, Policy Paper No. 8 (Stockholm: SIPRI, 2004), p. 5. EU annual reports are available at <<http://www.consilium.europa.eu/showPage.aspx?id=1484&lang=en>>.

38 In successive EU annual reports, improving the quality and consistency of data submitted is consistently listed as the first priority for the coming year.

39 For the latest version, see Council of the European Union, *Common Military List of the European Union*, adopted by the Council on 15 Feb. 2010, Official Journal of the European Union, C69, 18 Mar. 2010.

40 Holtom, P. and Bromley, M., 'The limitations of European Union reports on arms exports: the case of central Asia', SIPRI Insights on Peace and Security, Sep. 2010.

how and when they have used the licences.⁴¹ However, several states do not have such obligations in place and are unwilling or unable to create them.

The EU annual report has developed into an important reporting mechanism and a tool of transparency in the field of arms exports. Indeed, for several EU member states, the information available in the EU annual report is the most detailed available on their arms exports. However, questions remain about the usefulness of the information it provides. The EU annual report is intended to allow EU member states and the public at large to understand how national governments are interpreting the criteria of the EU Common Position. However, data on the financial value of export licences granted and actual exports, classified by destination countries and the 22 categories of the EU Military List, is often of little use when attempting to make such assessments. In particular, many of the EU Military List categories are broadly defined, making it difficult to identify specific items or weapon systems. For example, category four of the EU Military List includes bombs, torpedoes and smoke canisters.⁴²

In 2004, EU member states came close to agreeing on the creation of a post-embargo 'toolbox'. Under this proposal EU member states would exchange information every three months on export licences granted for destinations that had previously been subject to EU arms embargoes. The information would specify the quantity and type of military equipment, the end-use, and the end-user.⁴³ In part, the discussion represented a tacit acknowledgement of the fact that the amount of information states were currently sharing on their arms exports was insufficient for a full assessment of how the criteria of the EU Code were being interpreted at the national levels. The mechanism was never formally created and the discussions on the issue appear to have stalled.

41 See Bauer, S. and Bromley, M., *The European Union Code of Conduct on Arms Exports: Improving the Annual Report*, Policy Paper No. 8 (Stockholm: SIPRI, 2004), p. 28.

42 Council of the European Union, *Common Military List of the European Union*, adopted by the Council on 15 Feb. 2010, Official Journal of the European Union, C69, 18 Mar. 2010.

43 See Anthony, I. and Bauer, S., 'Transfer controls', *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2005), pp. 715-718.

► **Table 3.1 - Numbers of EU member states submitting a complete data set to the EU annual report, 2004–2009^a**

Annual report	Year covered	No. of states making submissions	No. of states making full submissions	Proportion of states making report full submissions (%)
12th	2009	27	17	68
11th	2008	27	19	70
10th	2007	27	16	59
9th	2006	25	16	64
8th	2005	25	17	68
7th	2004	25	13	52
6th	2003	22 ^b	6	27

a A 'complete data set' is taken to be data on the financial value of both arms export licences issued and actual exports, broken down by both destination and EU Common Military List category.

b Because the 6th annual report covers export licences issued and actual exports in 2003, the 10 member states that joined the EU in May 2004 were not obliged to submit data. Instead, they were invited to submit figures for 2003 if they were available, which 7 of them did.

Source: Council of the European Union, EU annual reports, <<http://www.consilium.europa.eu/showPage.aspx?id=1484>>.

The regional report on arms exports in South Eastern Europe

In 2009, five states in South Eastern Europe — Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia — produced a regional report on arms exports. The possibility of producing a regional version of the EU annual report for South Eastern Europe was discussed during an EU-sponsored outreach event in Slovenia in May 2008.⁴⁴ A formal agreement to produce a regional report on arms exports was reached at the a SEESAC-led meeting in Montenegro in June 2009.⁴⁵ The first regional report on arms exports in South Eastern Europe was published by SEESAC in December 2009 and it contained information on arms export licences granted during 2007.⁴⁶

Both the structure and the format of the SEESAC report are modelled after the EU annual report. Data is presented on the number and financial value of export licences granted classified by destination and EU Military List categories. As in the EU annual report, a separate table presents information on transfers to the UN and other multilateral peace operations in states which are subject to the EU or UN arms embargoes. For the first regional report, it was agreed that states would not be asked to submit data on actual exports. However, this data was included in the second edition of the report, which was published in 2010 and covers exports during 2008.⁴⁷

44 Council of the European Union, Tenth Annual Report according to Operative Provision 8 of the European Code of Conduct on Arms Exports', *Official Journal of the European Union*, C300, 22 Nov. 2008, p. 2.

45 SEESAC, *Regional Report on Arms Exports in 2007* (SEESAC: Belgrade, 2009), p. 1.

46 SEESAC, *Regional Report on Arms Exports in 2007* (SEESAC: Belgrade, 2009).

47 SEESAC, *Regional Report on Arms Exports in 2008* (SEESAC: Belgrade, 2009).

All of the participating states have already published national arms export reports, many of which contain more detailed information than the regional report. However, the publication of the regional report presents the first instance of the EU model of regional reporting being used by non-EU member states. As the report's introduction states, its publication represents 'evidence of the existing administrative capacity in the region and the desire to further comply with EU policies in the field of export controls'.⁴⁸

In a further boost to transparency, the regional report on arms exports in South Eastern Europe is now available in a searchable online database. The database is searchable by supplier, recipient state, recipient region and EU Military List category.⁴⁹

48 SEESAC, *Regional Report on Arms Exports in 2007* (SEESAC: Belgrade, 2009), p. 1.

49 The database is available at <<http://www.seesac.org/arms-exports-reports/regional-reports/1/>>.



4. Existing practices in national reporting on arms exports

This section of the study is based on a detailed analysis of all of the national reports on arms exports produced by EU member states and states in South Eastern Europe.⁵⁰ Reports on arms exports during 2009 were used as the basis for the study.⁵¹ In this section a reader will find the analysis of the information on descriptions of arms licensed for export and exported, the type of end-user for arms licensed for export and exported, export licence denials and brokering licences. In addition, a comparison of national reports is made based on their timeliness.

Certain states produce both an annual report on arms exports and a monthly or quarterly report.⁵² The monthly or quarterly report often contains more detailed information on arms exports than the annual report. In all situations, the more detailed report has been used for the assessment of the transparency level in a particular state's arms exports reporting.

In September 2003, the government of Belgium transferred the power to grant export licences for military equipment from the federal to regional level – namely to three regional governments (Wallonia, Flanders and Brussels).⁵³ Simultaneously, the responsibility for reporting on arms exports was also transferred to these bodies. As a result, there are now three separate Belgian reports on arms exports. For the purpose of this study, the three regional reports produced by Wallonia, Flanders and Brussels - and the report produced by the Belgian government - are each treated as separate national reports on arms exports.

50 The national reports covered by this study are those produced by Albania, Austria, Belgium, Belgium (Brussels), Belgium (Flanders), Belgium (Wallonia), Bosnia and Herzegovina, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Italy, the former Yugoslav Republic of Macedonia, Montenegro, the Netherlands, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. All of the reports covered by this study are available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>.

51 In the case of the former Yugoslav Republic of Macedonia, the report on exports during 2006 was used as the basis for the analysis, since this is the last report produced. In the case of Portugal, the report on arms exports during 2008 was used as this was the last report produced.

52 The Netherlands produces a monthly report on arms exports and Romania and the United Kingdom produce quarterly reports on arms exports.

53 Anthony, I. and Bauer, S., 'Transfer controls and destruction programmes', SIPRI Yearbook 2004: Armaments, Disarmament and International Security (Oxford University Press: Oxford, 2004), p. 750.

Descriptions of arms licensed for export and exported _____

A description of arms licensed for export and exported helps to develop an understanding of the way in which national export criteria are being interpreted at the national level. As already noted, data on the financial value of arms exports broken down by the categories of the national control list can often be of limited value when making these assessments.

Ten national reports on arms exports (Belgium (Flanders), Croatia, Germany, Italy, the former Yugoslav Republic of Macedonia, Montenegro, The Netherlands, Romania, Serbia and the United Kingdom) provide descriptions of the arms licensed for export (See Table 4.1). In all cases, the information on export licences is sorted by destination and, in nine cases, by control list category. In four cases (Belgium (Flanders), Italy, the former Yugoslav Republic of Macedonia and the Netherlands) the information is also broken down by individual licences. Eight national reports on arms exports (Czech Republic, Finland, Italy, the former Yugoslav Republic of Macedonia, Montenegro, Portugal, Romania and Serbia) provide descriptions of the arms exported (See Table 4.2). In all cases, the information on exported arms is classified by destination. In five cases (Czech Republic, Finland, Montenegro, Romania and Serbia) the information is also classified by control list category. In two cases (Italy and the former Yugoslav Republic of Macedonia) the information is also sorted by individual export licence.

The descriptions provided in these reports can be extremely detailed. For example, Montenegro's and Romania's national reports name the type of weapon system licensed for export and exported. This provides a level of detail that goes significantly further than the main categories of the EU Military List and allows for a more informed assessment of how the state is implementing its export control policies (See Box 4.1 and Box 4.2).

➤ **Table 4.1 - Descriptions of the arms licensed for export**

State	Description of goods	Information on arms export licences disaggregated by destination	Information on arms exports licences disaggregated by control list category	Information on arms export licences disaggregated by individual licence
Bel.-Flanders	x	x	x	x
Croatia	x	x	x	
Germany	x	x	x	
Italy	x	x	x	x
The former Yugoslav Republic of Macedonia	x	x		x
Montenegro	x	x	x	
Netherlands	x	x	x	x
Romania	x	x	x	
Serbia	x	x	x	
UK	x	x	x	
Total	10	10	9	4

Source: National reports on arms exports in 2008. Available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

Table 4.2 - Descriptions of the arms exported

State	Description of goods	Information on arms export licences disaggregated by destination	Information on arms exports licences disaggregated by control list category	Information on arms export licences disaggregated by individual licence
Czech Republic	x	x	x	
Finland	x	x	x	
Italy	x	x		x
The former Yugoslav Republic of Macedonia	x	x		x
Montenegro	x	x	x	
Portugal	x	x		
Romania	x	x	x	
Serbia	x	x	x	
Total	8	8	5	2

Source: National reports on arms exports in 2008. Available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

➤ **Box 4.1 - Descriptions of the arms licensed for export and exported in Montenegro's national report on arms exports in 2008**

Export destination	Number of issued licenses	Category in national control list (AME)	Value of issued licenses	Value of realised licenses	Description of goods	Quantity (in measurement units)	Country of origin	End user country	Type of end-user
Israel	2	4.1.	4005.05	2451.46	60 mm grenades, 81 mm grenades	24,000 pcs 21,216 pcs	Serbia	The Philippines	m
Cyprus	20	1.1; 1.4; 10.7; 3; 4.1; 2.1;	11831.43	11831.43	Automatic rifles; machine guns, Spare parts for machine guns; spare bolts for sniper rifles; machine gun stands; Explosive cartridges for ejector seats PK-16ML, R-4; PK-21-M2; PK-3M-1; UDP2-1; PPL-T; PP-3; PDO-1; PPI-26-2-1; PPI-26-1; PPI-L-T; PK-21-FL; PP-9; VVPR; VMP-2M; PZAL; PK-16ML; PV-35; PPL; Mortar with spare parts; 12.7mm cartridge belts 82mm grenades, 120mm grenades,	22,048 pcs 19,760 pcs 506 pcs 1,050 pcs 51,270 pcs	Serbia, Montenegro, BiH	Afghanistan, Iraq, Ukraine, Turkmenistan Eq. Guinea, Belarus	m
Germany	2	1.1	20.02	13.83	5.56 mm assault rifle 636 KV3 with accessories, deactivated automatic pistol scorpion	300 pcs	Germany, Czech Republic	Germany	m
USA	1	3. 1.1.	709.34	709.34	7.62 mm x 54 R ammunition Pistol M57	9,400,000 pcs 4,096 pcs	Montenegro	USA	m

➤ **Box 4.2 – Descriptions of the arms licensed for export and exported in Romania’s national report on arms exports in 2008**

Finland			
	ML1	ML10	Total per destination
a	1	2	3
b	25.000	38.714	63.714
c	18.640	34.286	52.926
d	0	0	0
e	-	-	-

Licenses issued for:

hunting riflescope
components for military transport helicopter

Military goods exported:

hunting riflescope
components for military transport helicopter

Type of end-user for arms licensed for export and exported _____

Simply knowing the geographical destination of the arms licensed for export and exported is not enough to gain a full understanding of how a state is interpreting its export control criteria. For example, there is a significant difference between how a state would treat the export of a piece of military equipment that is being delivered to the military or police force of a particular state or one that is being delivered to a private company based in that state.

Five national reports on arms exports (Belgium (Brussels), Belgium (Flanders), Denmark, the former Yugoslav Republic of Macedonia and Serbia) contain information on the type of end-user for arms licensed for export (See Table 4.3). In all cases, the information on export licences is disaggregated by destination. In one case (Denmark), the information is sorted by control list category. In one case (The former Yugoslav Republic of Macedonia) the information is sorted by destination and individual licence. In two cases (Belgium (Flanders) and The former Yugoslav Republic of Macedonia) the information is classified by individual licence.

Three national reports (The former Yugoslav Republic of Macedonia, Serbia and Spain) contain information on the type of end-user for arms exported (See Table 4.4). In all cases, the information on exported arms is disaggregated by destination. In one case (Spain) the information is broken down by destination and control list category. In one case (The former Yugoslav Republic of Macedonia) the information is disaggregated by individual licence.

The level of detail provided on the type of end-user varies considerably. For example the former Yugoslav Republic of Macedonia's national report on arms exports reproduces the information contained in the End User Certificate (EUC) issued by the recipient state (See Box 4.3). As a result it is possible to identify not just the type of recipient but the actual recipient itself. In contrast, Denmark, along with several other states, provides a key to indicate whether the end-user is an industry ('industri') or a military ('forsvar') (See Box 4.4).

➤ **Table 4.3 - Type of end-user for arms licensed for export by state**

State	Type of end-user	Type of end-user disaggregated by destination	Type of end-user disaggregated by control list category	Type of end-user disaggregated by individual licence
Bel.-Brussels	x	x		
Bel.-Flanders	x	x		x
Denmark	x	x	x	
The former Yugoslav Republic of Macedonia	x	x		x
Serbia	x	x		
Total	5	5	1	2

Source: National reports on arms exports in 2008. Available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

➤ **Table 4.4 - Type of end-user for arms exported by state**

State	Type of end-user	Type of end-user disaggregated by destination	Type of end-user disaggregated by control list category	Type of end-user disaggregated by individual licence
The former Yugoslav Republic of Macedonia	x	x		x
Serbia	x	x		
Spain	x	x	x	
Total	3	3	1	1

Source: National reports on arms exports in 2008. Available at <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

➤ **Box 4.3 – Type of end-user for arms licensed for export in Former Yugoslav Republic of Macedonia’s national report on arms exports in 2006**

EXPORT 2006

Decision Nr. 17.9.4 – 10/06 from 08.02.2006	
Automatic rifles	5
Optic device	1
Silencer	1

Receiving party: ISRAEL MILITARY INDUSTRIES LTD

Export of weapons during 2006 after a presentation on behalf of the Ministry of Interior and the Ministry of Defense.

Export licence denials

Information on export licence denials provides important insights into how states are interpreting the criteria of their national arms export policies. Information on export licence denials can also serve to promote the norms and standards contained in the states' transfer control criteria.

Twenty-one national reports on arms exports (Albania, Belgium (Brussels), Belgium (Flanders), Belgium (Wallonia), Bosnia and Herzegovina, Bulgaria, Czech Republic, Denmark, Estonia, France, Germany, Montenegro, the Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Spain, Sweden and the United Kingdom) include information on export licence denials (see Table 4.5). In all cases, information is provided on the total number of export licence denials. Other information that different states provide includes the financial value of licence denials, description of the goods, number of items, type of end-user and reasons for issuing the licence denial (i.e. the criteria of the states' export control regulations which were cited when issuing the denial). In six national reports (Belgium (Flanders), Bosnia and Herzegovina, Denmark, the Netherlands, Slovakia and Spain) the information is broken down by each individual licence denial.

The UK national report includes more detailed information on certain licence denials. For example, the UK's 2008 national report included five case studies detailing recent decision making with regards to certain destinations. One case study on Sri Lanka gave details of a number of export licences for 'lethal weapons for operational use by the police and the navy, and some electric safety detonating fuses' that were denied by the British authorities.⁵⁴

The format used to present this information varies significantly from state to state. Some states, including Slovakia and Bosnia and Herzegovina, provide the information in the form charts or tables (See Box 4.5 and Box 4.6). Several other states include the information in the background text of the report. The lack of standardisation in both the depth of information published on export licence denials and the formats used in different national reports makes it difficult to analyse and compare different states' implementation of their export control policies.

⁵⁴ British Department for Business, Enterprise and Regulatory Reform, Foreign and Commonwealth Office, Ministry of Defence, and Department for International Development, United Kingdom Strategic Export Controls: Annual Report 2007, Cm 7451 (Stationery Office: London, 2008), p. 15.

➤ **Table 4.5 - Information on export licence denials**

Type of information	Number of licences	Financial value of goods	Description of goods	Number of items	Information on type of end-user	Reasons for denials	Broken down by destination	Broken down by control list category	Broken down by individual licence
Albania	x					x			
Bel.-Brussels	x								
Bel.-Flanders	x	x	x		x		x		x
Bel.-Wallonia	x	x					x	x	
Bosnia and Herzegovina	x	x	x				x	x	x
Bulgaria	x					x			
Czech Republic	x							x	
Denmark	x		x			x	x	x	x
Estonia	x								
France	x					x			
Germany	x	x				x	x		
Montenegro	x								
Netherlands	x		x		x	x	x		x
Poland	x								
Portugal	x								
Romania	x					x	x	x	
Serbia	x	x	x	x	x	x	x		
Slovakia	x	x		x			x	x	x
Spain	x		x	x		x	x		x
Sweden	x						x		
UK	x		x			x	x		
Total	21	6	7	3	3	10	12	6	6

Source: National reports on arms exports in 2008. Available at: <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

➤ Box 4.5 - Export licence denials in Slovakia's national report on arms exports in 2008

Zamietnuté žiadosti o vývoz/dovoz vojenského materiálu zo/do Slovenskej republiky za rok 2008

dovoz / vývoz	Finančný objem zamietnutých žiadostí (Sk)	Finančný objem zamietnutých žiadostí (EUR)	Množstvo	Krajina pôvodu/ určenia	Kategórie vojenského materiálu
dovoz	152.500.000	5.062.073	13	Nemecko	7
dovoz	28.435.827	943.897	412.569	Česká republika	6
dovoz	694.400	23.050	2.000	Česká republika	3
vývoz	961.482	31.915	2.000	Bielorusko	3
vývoz	10.900.000	361.814	13.591.298	Afganistan	3

➤ Box 4.6 Export licence denials in Bosnia and Herzegovina's national report on arms exports in 2008

END-USER COUNTRY	NUMBER OF LICENCES	EU ML CATEGORY	DESCRIPTION	VALUE (EUR)	CAUSE FOR REFUSAL
Georgia	2	ML2	60 and 120 mm Mortars	480,000	EU Code of Conduct on Arms Export
	2	ML3	40mm ammunition	1,714,000	EU Code of Conduct on Arms Export
	1	ML4	Mortar bombs	1,386,000	EU Code of Conduct on Arms Export

Brokering licences

Governments and arms manufacturers often rely on arms brokers to arrange sales. However, arms brokers have also been implicated in facilitating the supply of arms to states subject to the UN or regional arms embargoes along with terrorist, insurgent and organized crime groups and other 'undesirable' end-users. Effective control over arms brokering is therefore widely seen as necessary for limiting illicit arms transfers. Information on the activities of arms brokers, and on states' implementation of their brokering controls, remains largely outside the public domain. However, in recent years a number of states have started to provide some information on the individuals and companies that have been licensed to act as brokers or on approvals and denials of particular licences for brokering activities.

Eight national reports on arms exports (Czech Republic, France, Germany, Montenegro, Poland, Romania, Sweden and the United Kingdom) contain information on brokering licences (see Table 4.6). Interestingly, all of the reports contain different amounts of information and no two reports are the same. Three national reports (Germany, Romania and the United Kingdom) also include more limited information on denials of brokering licences.

The format used for presenting this information varies considerably. While some states include the information in the form of charts or tables, several states include it in the background text of the report. The lack of standardization in both the depth of information published on brokering licences and the format used in the reports makes this information difficult to analyse and compare.

Since 2004, Estonia has published online information on companies or individuals that are registered to act as arms brokers, including the names of the individuals registered to act as brokers, the countries between which they can arrange transactions and the date of entry into the register (See Box 4.7).⁵⁵ Estonia's national report on arms exports includes information on brokering authorizations issued or denied.⁵⁶

In June 2003 the Council of the European Union adopted Common Position 2003/468/CFSP, aimed at setting agreed minimum standards for the control of arms brokering across all EU member states. The common position requires member states to establish a system for exchanging information on brokering activities, including denials of brokering licence applications.⁵⁷ In April 2008 member states agreed to share information on approvals of brokering licences and to publish information on approvals and denials of brokering licences in the EU annual report.⁵⁸ The 11th EU annual report contained a table providing information on brokering licences granted and denied by the EU member states during 2008.⁵⁹ The table presents information broken down by either destination or individual licence—depending on the reporting state—and includes details of the destination of the goods, the origin of the goods, their financial value, their EU Military List category and the quantity of items involved. Although in

55 Estonian Ministry of Foreign Affairs, 'Registered brokers of military goods', <<http://www.vm.ee/?q=en/node/5035>>.

56 The activity reports of the Estonian Strategic Goods Commission are available at <<http://www.vm.ee/?q=en/node/5039>>.

57 Council of the European Union, Council Common Position 2003/468/CFSP of 23 June 2003 on the control of arms brokering, *Official Journal of the European Union*, L159, 25 June 2003, Article 5.

58 Council of the European Union, Tenth Annual Report according to Operative Provision 8 of the European Code of Conduct on Arms Exports', *Official Journal of the European Union*, C300, 22 Nov. 2008, p. 3.

59 Council of the European Union, Eleventh annual report according to Article 8(2) of Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, *Official Journal of the European Union*, C265, 6 Nov. 2009.

several cases not all categories of information have been provided, the table is a notable boost to transparency in this area. It provides detailed information on brokering licences issued by 11 EU member states, many of which have not previously published such detailed information.

Export licensing authorities in South Eastern Europe states regularly engage with arms brokers based in EU member states. Given this reality, EU member states should give serious thought to how they can provide information on brokering licences in their national reports that can assist licensing officials in South Eastern Europe with their licensing decisions. Perhaps the most useful information that can be provided is a clear statement on the coverage and scope of national brokering controls, including detailed information regarding when companies and individuals are required to apply for a brokering licence. However, a public list of the companies and individuals that are licensed to act as brokers - such as that produced by Estonia - could also help licensing officials make initial assessment of whether a company or individual that is seeking to export weapons has received the appropriate authorisation from its licensing authority.

In a related development, states in South Eastern Europe, in cooperation with SEESAC, are developing a regional database on registered brokers so as to improve information sharing and decision-making in this area.

➤ **Table 4.6 – Brokering licenses issued**

State	Number of licences	Financial value of goods	Description of goods	Number of items	Information on type of end-user	Reasons for denials	Broken down by destination	Broken down by control list category	Broken down by individual licence
Czech Republic	x	x							
France	x								
Germany	x	x	x	x	x		x	x	x
Montenegro	x	x	x	x			x	x	
Poland	x	x		x			x	x	
Romania	x	x	x			x	x	x	
Sweden	x								
UK	x		x	x			x		
Total	8	5	5	4	1	1	5	4	1

Source: National reports on arms exports in 2008. Available at: <http://www.sipri.org/research/armaments/transfers/transparency/national_reports>

➤ **Box 4.7 - Companies or individuals that are registered to act as arms brokers in Estonia's national report on arms exports in 2008**

3. FORTESTAR Ltd. (Reg. No. 11119715)

Brokers: Mr. Andrus Märtson and Mr. Riho Huntsaar.

Countries of Destination: Estonia, Latvia, Lithuania, Finland.

Except countries (incl. their citizens and permanent residents) under UN, EU, OSCE or other international sanctions, which are binding for Estonia, and that are under sanctions imposed by Estonian Republic under International Sanctions Act (RTI 2002, 105, 612).

Registry entry EE/07/MLREG0001 has been made in accordance with Commissions decision no: 20-2/2007 on November 15 2007.

Timeliness of national reports on arms exports

In addition to the type of information states make available, the level of transparency achieved by a particular state can also be measured in other ways. In particular, national and regional reports should be produced in a timely manner so that the information they contain is up to date. Certain national reports are produced more than 12 months after the period they cover, limiting their value as a means of holding governments accountable for particular licensing decisions and engaging in meaningful debates on policy issues. In contrast, other states are able to produce reports within three months of the time period covered (See Table 4.7).

► **Table 4.7 - The timeliness of national annual reports on arms exports for 2009**

State	< 3 months	> 3 months	> 6 months	> 9 months	> 12 months
Albania				x	
Austria					x
Bel.-Flanders		x			
Bosnia and Herzegovina		x			
Croatia				x	
Czech Republic			x		
Denmark				x	
Finland					x
France			x		
Germany				x	
Hungary				x	
Italy		x			
FYROM		x			
Montenegro			x		
Netherlands		x			
Poland					x
Portugal					x
Romania				x	
Serbia					x
Sweden	x				
UK		x			





5. Findings and recommendations

Regional reports on arms exports

Both the EU annual report and the regional report on arms exports in South Eastern Europe represent important instruments of transparency. The reports have served to drive and consolidate improvements in reporting at the national level and have provided an important level of insight into the arms export policies of the states involved. However, within the EU, levels of reporting remain insufficient while the timeframes within which the reports are issued leave much to be desired. More substantively, it is not clear whether the type of information that is included in these reports is adequate for providing a truly informed insight into how states are implementing their export control policies.

In order to allow for a fuller evaluation of how states are implementing their export control policies, additional types of information are needed. In particular, in order to allow for a more informed and accurate assessment of states' interpretations of the EU Common Position criteria, states need to include a description of the weapons licensed for export and exported, number of items involved, type of end-user, and final destination of goods which are to be re-exported by the recipient country.

Recommendations:

- EU member states need to improve their efforts to compile and submit full and complete reports to the EU annual report. Discussions regarding good practices in the collection and submission of data for different required categories should be re-started. EU member states should move towards the use of industry data for collecting information on actual arms exports. States should consider holding a seminar involving industry, governments and NGOs to discuss the mechanisms for improving the collection and compatibility of industry data on arms exports and to discuss different methodologies and good practices.
- Serious thought should be given to the question of whether the existing formats used by the EU annual report and the regional report on arms exports in South Eastern Europe are appropriate for the purpose which they intend to serve. In particular, states should explore the option of providing the description of the goods licensed for export and exported, the

number of items, and the type of end-user, sorted out by EU Military List category and final destination.

- If such a level of detail is thought to be excessive for a printed report, EU states should explore the option of publishing the information in an online searchable database, as their South Eastern European colleagues have done.

National reports on arms exports

States in South Eastern Europe have demonstrated a willingness and an ability to produce national reports on arms exports that are as or more transparent than many of those produced by EU member states. Several aspects of the South Eastern European reports – particularly those pertaining to descriptions of arms licensed for export and exported and export licence denials – are as transparent as anything published in the world today.

There are significant variations in both the formatting and level of detail available in the national reports of EU member states and states in South Eastern Europe. Within South Eastern Europe, several states have utilised the national report templates developed by SEESAC. However, there has been no equivalent effort among EU member states. At the same time, even among the states that have utilised the templates developed by SEESAC, there are great differences with regards to the actual information that states choose to include in their national reports.

To a great extent, variety in the content of national reports on arms exports is unavoidable and even desirable. Any attempt to fully harmonize practices in this area would likely lead to an overall reduction in transparency. In particular, there is a strong risk that states would agree to common standards that would be lower than those currently practiced by many states. Nevertheless, greater efforts could be made to standardise the content and format of the national reports. This would greatly assist efforts to compare how different states are implementing their export control policies while making it easier to evaluate levels of transparency at the national level. In addition, greater effort could be made to improve the timeliness of the reports.

Recommendations:

- EU member states that have not already produced a national report on arms exports should do so as soon as possible, as this is currently required by the EU Common Position.
- EU member states should develop a common list of possible sections that could be included in their national reports on arms exports and create a common format detailing the types of information each section could include and how it should be presented. This process has already taken place within South Eastern Europe and could be used as a guide by the EU member states.
- EU member states and states in South Eastern Europe should take steps, where necessary, to improve the timeliness of their national reports on arms exports by agreeing to minimum standards in this area.

- EU member states should seek to further enhance their level of cooperation with states in South Eastern Europe, give due recognition to the advances made in the transparency of arms exports within this region, and encourage states to maintain their existing levels of reporting.

