# **Annual Report**

# Exports of Defence and Strategic Goods from Australia



Financial Years 2002 - 2003 2003 - 2004

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# Introduction

The Defence Trade Control and Compliance (DTCC) Section in the Department of Defence is Australia's single permit issuing authority for defence and strategic goods and technologies. DTCC's objective is to ensure that Australia remains a responsible exporter.

The Australian Government encourages the export of defence and related and dual-use goods and technology. But it recognises that there is a need for appropriate controls over the export of such goods to protect and promote Australia's strategic and foreign policy interest and fulfil Australia's international obligations. The Government also recognises that within these constraints, export controls should be as easy to comply with as possible. These constraints, be comparable to and compatible with those other likeminded countries in the various non-proliferation and export control regimes to which Australia belongs,, thereby ensuring fair competition. The Australian Government's responsible approach is apparent by its participation in all major international control regimes and initiatives seeking to prevent undesirable proliferation of arms and technologies.

The legislative framework for export controls on defence and strategic goods comprises the Customs Act 1901, the Customs (Prohibited Exports) Regulations and the Weapons of Mass Destruction (Prevention of Proliferation) Act 1995. Regulation 13E of the Customs (Prohibited Exports) Regulations requires that military goods and technology, nonmilitary lethal goods, nuclear industry goods and dual-use goods listed in the Defence and Strategic Goods List may only be exported from Australia with the permission of the Minister for Defence, or a person authorised by the Minister to issue permits and licences.

DTCC consults with other government agencies on processing applications to export the more sensitive goods controlled under Regulation 13E. Of particular note is the Standing Interdepartmental Committee for Defence Exports (SIDCDE) which may consider export applications for sensitive defence and related goods, and very sensitive dual-use goods. Applications are assessed against a set of criteria, these include; if the supplied goods, services or technologies are likely to contribute to a military or weapons of mass destruction program, to be misused for the suppression of human rights, or to harm the security interests of allies and friends.

This report briefly describes Australia's strategic export controls, in the context of global non-proliferation objectives and provides comprehensive statistics on Australian exports of defence and related materiel and dual-use goods for the financial years 2002/2003 and 2003/2004.

# **DTCC Functions**

DTCC administers Australia's export control system under the Government's legislation and regulations. Below is a simplified list of the basic functions / processes undertaken by DTCC.

- Process applications and issue permits and licences, including;
  - Technical assessment of applications and determination of their control status
  - Facilitating other agency input to the assessment process
- Process and authorise Non-transfer and End-user Certificates, Delivery Verification Certificates and International Import Certificates.
- Investigate and assess compliance by exporters, including;
  - o Conduct risk assessments of exporters utilising various information sources
  - Conduct complex research and investigation activities resulting in recommendations of appropriate action.
- Conduct outreach activities, including;
  - Face-to-face visits in cooperation with other agencies, to companies as part of a proactive outreach program.
  - Provision of advice on export control and its processes and requirements to other agencies and the public.
  - Publication and distribution of export related publications.
- Provide expert assistance to the policy agencies, including DFAT, and co-operate with agencies, including, Customs, Australian Federal Police and other relevant agencies.
- Provide policy support to the government for legislative issues arising from the *Customs (Prohibited Exports) Regulations 1958* and the *Weapons of Mass Destruction (Prevention of Proliferation) Act 1995.*
- Chair the Standing Inter-departmental Committee on Defence Exports (SIDCDE)
- Participate actively in and provide input on technical and implementation matters to various international regimes on export controls (these include Wassenaar Arrangement, the Missile Technology Control Regimes, the Nuclear Suppliers Group and the Australia Group).
- Compile and update the Defence and Strategic Goods List (DSGL) (www.defence.gov.au/strategy/dtcc/publications)

# **1. Legislative Controls**

## 1.1 Legislation

Australia's export controls are enabled under the *Customs Act 1901* and executed through *Customs (Prohibited Exports) Regulations 1958*, Regulation 13E).<sup>1</sup> The "Defence and Strategic Goods List"<sup>2</sup> is the document containing the complete list of items controlled for export under the *Customs Act 1901*. This list covers:

- Defence and related goods: goods and technologies designed or adapted for use by armed forces or goods that are inherently lethal, such as military goods (those being designed or adapted for military purposes including parts and accessories) and non-military lethal goods (equipment that is inherently lethal, incapacitating or destructive, such as non-military firearms, non-military ammunition and commercial explosives).
- Dual-use goods and technologies: goods developed to meet commercial needs, but which may be used either as military components, or in the development or production of military systems or WMD. This may include equipment; assemblies and components; test, inspection and production equipment; materials; software; and technologies.

Export from Australia of goods on the DSGL are prohibited unless a licence or a permit als been granted by the Minister for Defence or his delegate.

The Weapons of Mass Destruction (Prevention of Proliferation) Act 1995<sup>3</sup> and its derived Regulations also provide catch-all controls for goods and services not regulated by the Customs Act. The Act covers the export of Weapons of Mass Destruction (WMD) related goods from Australia and the provision of WMD related services, both within and outside Australia. It is not possible to identify and describe for regulatory purposes all goods and services which could contribute to a WMD program. To address this situation, the Australian Government introduced the Weapons of Mass Destruction (Prevention of Proliferation) Act 1995 ("WMD Act"). The WMD Act and the associated Regulations enable the Government to control the export or transfer of any goods and services that may assist a WMD program, including those not listed in the DSGL.

The final decision as to whether an export or other dealings, such as the provision of services, would assist a WMD program rests with the Minister for Defence.

<sup>&</sup>lt;sup>1</sup> See Attachment A

<sup>&</sup>lt;sup>2</sup> The list of controlled goods can be viewed at the DTCC website <u>www.defence.gov.au/strategy/dtcc/publications</u> <sup>3</sup> For further details see

http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/615DF1E1B813886CCA256F7100512DF8/\$f ile/WeapMassDestrPrevProlif95.pdf

The *WMD Act* defines a WMD program as a "plan or program for the development, production, acquisition or stockpiling of nuclear, biological or chemical weapons or missiles capable of delivering such weapons".

The *WMD* Act applies to:

- the supply of goods or services both within and outside Australia for a WMD program;
- the export of goods and technologies which are not controlled under other legislation and where it is known or suspected that the goods may be used in a WMD program;
- the provision of goods and services within and external to Australia, where it is known or suspected that they will or may potentially assist a WMD program.
- The provision of tangible and intangible goods, technology and services.

## 1.2 Penalties for Export Control Violation

#### Customs Act

The *Customs Act 1901* provides penalties for persons and/or companies who unlawfully attempt to export controlled items. The Prohibited Imports and Exports Regulations of the Act cover a range of potentially dangerous or offensive goods, including firearms and military-style weapons.

Effective from 25 May 2000, the new civil penalty maximum of \$100,000 applies to all prohibited import and prohibited export offences. Serious offences, such as those involving weapons, attract a maximum penalty of \$250,000 and/or ten years imprisonment. In addition, the goods and export conveyance may be seized and forfeited.

Severe penalties send a clear signal about Australia's attitude to the unlicensed import and export of weapons. The introduction of criminal penalties is consistent with Australia's backing of international efforts (including United Nations initiatives) to combat illicit arms trafficking and support the fight against international terrorism.

#### Weapons of Mass Destruction Act (WMD Act)

*The Customs (Prohibited Export) Regulations 13E* do not cover assistance given by an Australian citizen, resident or corporate entity by way of contract, employment or service to the development of a WMD capability. These elements in Australia's export controls are covered by the WMD Act, which was passed by Parliament in May 1995 and came into force on 29 November 1995.

Criminal penalties of up to eight years imprisonment can be imposed for breaching the *WMD Act*. Any attempt to export unauthorised goods can result in forfeiture. Injunctions may also be obtained against someone who is engaging, or proposing to engage, in conduct that is an offence under the Act.

#### Criminal Code Act

There are also penalties for giving false or misleading information when applying for a permit or licence. A person that knowingly makes a statement to a Commonwealth entity that is false or misleading may be prosecuted for an offence against the *Criminal Code Act 1995* and, if convicted, faces a penalty of 12 months imprisonment.

# 2. Treaties and International Agreements

Australia's export controls give affect to a number of international agreements and arrangements designed to control the export of certain goods and related technology covering conventional nuclear, chemical and biological weapons programmes. Australia has joined these regimes in order to participate in an international effort to prevent the proliferation of weapons of mass destruction and their delivery systems. Through such efforts Australia will help to prevent international and regional security and stability from being undermined through irresponsible transfers of conventional weapons and dual-use goods and technologies with military applications. Participation in these regimes contributes to international and regional security, including enhancing Australia's security in its own region and internationally.

#### 2.1 The Treaty on the Non-Proliferation of Nuclear Weapons (NPT)

The Treaty on the Non-Proliferation of Nuclear Weapons<sup>4</sup> was opened for signature on 1 July 1968 and entered into force on 5 March 1970, establishing an international framework for preventing the spread of nuclear weapons. Australia signed up to the NPT on 2 November 1970 and ratified on 23 January 1973.

The Treaty has become a key element of Australia's nuclear non-proliferation and nuclear cooperation policies. The broad objectives of the treaty are to:

- Prevent the proliferation of nuclear weapons to states other than the five recognised as nuclear weapon states in 1968 namely the United States, the Soviet Union<sup>5</sup>, the United Kingdom, France and China<sup>6</sup>;
- facilitate peaceful nuclear cooperation between treaty members; and
- work towards nuclear disarmament.

<sup>&</sup>lt;sup>4</sup> Further information is available on the Department of Foreign Affairs and Trade website <u>www.dfat.gov.au/security/npt</u>

<sup>&</sup>lt;sup>5</sup> Russia has since succeeded to these obligations

<sup>&</sup>lt;sup>6</sup> All other states parties are required to conclude safeguards agreements with the International Atomic Energy Agency

<sup>(</sup>IAEA) to verify the peaceful nature of their nuclear programs

# 2.2 Chemical Weapons Convention - (CWC)

The "Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Distribution"<sup>7</sup> (CWC) bans states parties from making and holding chemical weapons and also requires them to destroy such weapons and production facilities. The CWC also establishes a system of monitoring and verification for activities with certain toxic and precursor chemicals, many of which have legitimate commercial uses.

The CWC was opened for signature in January 1993, following 20 years of negotiation. The CWC stipulated that it would come into effect 180 days after the so-called 'trigger point' of 65 ratifications was reached. Australia ratified the Convention in May 1994 and was the sixth country to do so. Hungary was the 65<sup>th</sup> country to ratify the CWC on 31 October 1996. The CWC, therefore, entered into force on 29 April 1997.

As part of its CWC obligations, Australia has implemented controls through *Customs* (*Prohibited Exports*) Regulations 1958, Regulation 13E on the export of toxic chemicals and precursor materials covered under the CWC. These can be found in the Defence and Strategic Goods List (DSGL)<sup>8</sup>. As part of the CWC monitoring process, Australia is obliged to report transfers (both imports and exports) of CWC chemicals, this is done by the Department of Foreign Affairs and Trade<sup>9</sup>.

## 2.3 Biological Weapons Convention (BWC)

The "Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and their Destruction"<sup>10</sup> requires states parties not to make or hold microbial or biological agents or toxins, except for peaceful purposes, such as medical research. There are currently no verification procedures under the BWC, although action is in progress to introduce such procedures.

Australia does control the export of microbial, biological agents and toxins as a result of membership of the Australia Group. The goods controlled are listed in the DSGL.

<sup>&</sup>lt;sup>7</sup> For further details see <u>http://www.opcw.org</u>

<sup>&</sup>lt;sup>8</sup> For further details see <u>www.defence.gov.au/strategy/dtcc/publications.htm</u>

<sup>&</sup>lt;sup>9</sup> For further details see <u>www.dfat.gov.au/cwco/index.html</u>

<sup>&</sup>lt;sup>10</sup> For further details see <u>www.opbw.org</u>

## 2.4 United Nations (UN) Register of Conventional Arms Transfers

Established in 1991 by resolution of the UN General Assembly, the UN Arms Register<sup>11</sup> serves as a universal and non discriminatory confidence building measure designed to promote transparency in international arms transfers thereby assisting in the prevention of excessive and destabilising accumulations of arms. States make voluntary reports of imports and exports in seven major weapons categories; battle tanks, armoured combat vehicles, large-calibre artillery, combat aircraft, attack helicopters, warships, and long range missiles. Australia reports once a year to the UN on the transfer of the above goods.

The UN Arms Register has no treaty status but involves a voluntary report by members of the UN on transfers of certain classes of military equipment on an annual basis. Australia's objective in participating in the Register is to promote increased transparency in international arms transfers and thus, through international scrutiny, assisting in the prevention of excessive and destabilising accumulations. These notifications also contribute to confidence building in our relations with states in our region, and signal our willingness to enter into dialogue with other states about this aspect of our security policy.

## 2.5 United Nations Security Council Resolution 1540

In 2004, the United Nations Security Council passed Resolution  $1540^{12}$  which outlines measures to be taken by State Parties to counteract the spread of weapons of mass destruction. The resolution requires States to implement multilateral treaties, with the aim to prevent the proliferation of nuclear, biological or chemical weapons and to adopt national rules and regulations, to ensure compliance with their commitments under the key multilateral non-proliferation treaties.

In addition, States are required to develop appropriate ways to work with and inform industry and the public regarding their obligations under such laws. UNSCR 1540 also calls upon all States to promote dialogue and cooperation on non-proliferation to address the threat posed by proliferation of nuclear, chemical, or biological weapons, and their means of delivery.

The UN Security Council underscored the importance of preventing non-state actors from acquiring WMD by adopting Resolution 1540 pursuant to Chapter VII. Decisions adopted under Chapter VII are binding upon all member states and override other international obligations.

<sup>&</sup>lt;sup>11</sup> For more information see <u>http://disarmament.un.org/cab/docs/2004rgstrbklet-en.pdf</u>

<sup>&</sup>lt;sup>12</sup> For further details see <u>www.un.org/News/Press/docs/2004/sc8076.doc.htm</u>

## 2.6 Bilateral Security Instruments

The Australian Government has negotiated security instruments (in the form of agreements, arrangements and memoranda of understanding) with a number of countries for the mutual protection of defence-related information having a national security classification. These instruments establish the broad principles for protective security, third-party access and prerequisites for granting access to information that is exchanged between Australia and other countries

# **3. United Nations Security Council Sanctions**

Under Article 25 of the United Nations Charter, the decisions of the Security Council are binding in international law and the member nations of the UN, including Australia, are bound to implement them in their domestic legal systems.<sup>13</sup>

Australia implements Security Council decisions relating to sanctions by way of regulations under Commonwealth legislation.

#### 3.1 Arms embargoes

Separate regulations for each country against which the UN Security Council has imposed an arms embargo are made under the *Charter of the United Nations Act 1945*. Section 6 allows the Governor-General to make regulations to give effect to decisions that the Security Council has made under Chapter VII of the Charter of the United Nations and which Article 25 of the Charter requires Australia to carry out.

#### 3.2 Import and Export Restrictions

Under the *Customs Act 1901*, the Governor-General can make regulations to prohibit the import of goods into Australia (Section 50); and the export of goods from Australia (Section 112). Security Council decisions relating to exports or imports with a particular country are implemented under the *Customs (Prohibited Exports) Regulations* and the *Customs (Prohibited Imports) Regulations*.

<sup>&</sup>lt;sup>13</sup> For further information see <u>http://www.dfat.gov.au/un/unsc\_sanctions/unsc\_sanctions\_5.html</u>

# **4.0 Applications Procedures for Export of Controlled Goods**

Exporters should seek approval from the DTCC section for export of defence and related goods, nuclear industry goods and for dual-use goods and technology. Exporters should also acquaint themselves with the relevant provisions of Regulation 13E of the *Customs* (Prohibited Exports) Regulations, as amended.

Applications to export defence and related goods should be submitted on the DEC01 -Export Application Form.<sup>14</sup> Defence also offers a service whereby exporters can seek advice, called a military-in-principle permit,<sup>15</sup> as to whether a particular export of military goods is likely to be approved. A military-in-principle gives the exporter confidence to proceed with negotiations, project development, marketing and tendering, knowing that approval is likely when an application for the actual export of the goods is made. It is also a useful marketing tool in that it is a tangible indication of potential export approval.

## 4.1 Permits and Licences

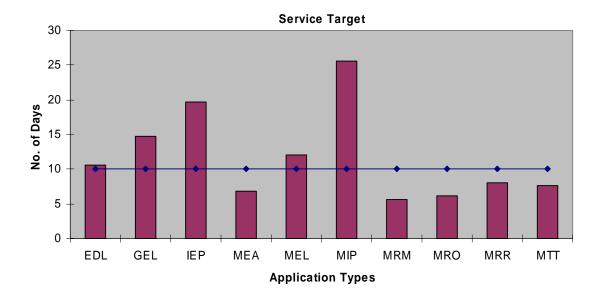
A permit is an approval to export specified quantities of items to a specified consignee at a particular destination. A licence may be granted to a reputable exporter where the nature and frequency of their exports would justify the issue of a licence. A licence will identify the consignee, goods and destinations subject to licence, and enables a company to respond quickly to export opportunities. Attachment B provides a full list of permits and licences available under Regulation 13E.

# 4.2 Service Targets

On receipt of a licence application, with complete supporting documentation and full specification of the goods concerned, it is the aim of DTCC to complete assessment of the application within ten working days. Licence processing is likely to exceed ten days when the application has to be circulated to the Standing Inter-Departmental Committee on Defence Exports (SIDCDE) for the purpose of assessing the application. When cases are referred to SIDCDE for consultation, i.e. in approximately 2 per cent of cases involving defence and related goods and very sensitive dual-use goods, the target processing period for both approvals and approvals-in-principle is 21 to 90 working daysthe processes being similar for both. The lead-time naturally increases with the degree of technology complexity and sensitivity. Table 1 represents the average service time for each permit and licence type in comparison to service targets.

 <sup>&</sup>lt;sup>14</sup> Form available at <u>www.defence.gov.au/strategy/dtcc/forms</u>
 <sup>15</sup> This permit does not give actual export approval

Table 1 and Table 1a represents average service times for non-sensitive permits and licenses issued for the financial year 2002/2003 and 2003/2004 respectively. As indicated, Military In-Principle (MIP) Permits take longer than any other type of permit. This is mainly due to the lack of sufficient information on end users provided by applicants and the need to seek clarification of end use and technical information provided.



# Table 1: Average Service Time for Non-sensitive Applications F/Y 2002 - 2003

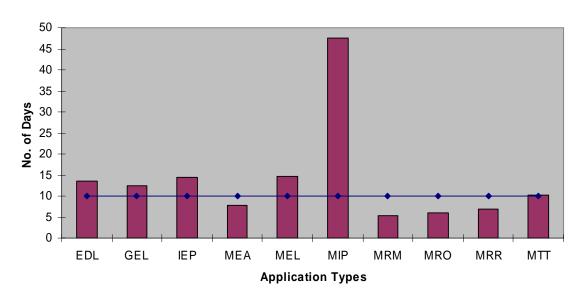
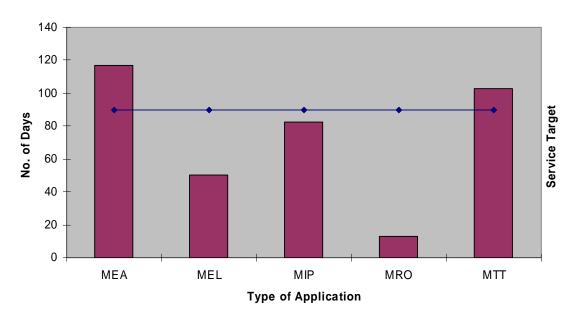


 Table 1a - Average Service Time for Non-sensitive

 Applications F/Y 2003-2004

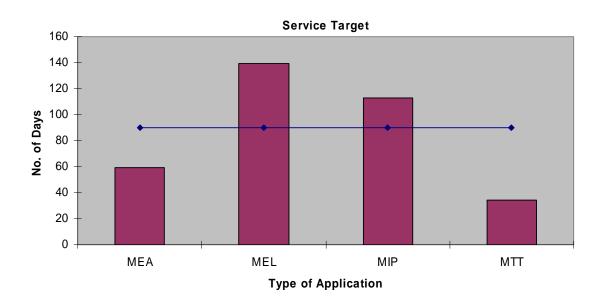
2002/2003 2003/2004

Table 2 and Table 2a represents the service time for sensitive cases referred to SIDCDE in comparison to service targets for the financial year 2002/2003 and 2003/2004 respectively.





#### Table 2a: Average Service Time for SIDCDE Cases F/Y 2003-2004



#### 4.3 Enforcement

DTCC works closely with other Government departments, including intelligence agencies, to monitor cases where violations of export controls are suspected. Information from the exporting industry also assist in this process and are welcomed - phone 0416 265 192 (24 hours). Where potential offences by Australian traders are identified, the information is passed to Customs for appropriate action.

Australian citizens, permanent residents or bodies incorporated in Australia or an external territory should seek advice from DTCC if they are providing services or goods that they suspect may be of assistance to a Weapons of Mass Destruction program.

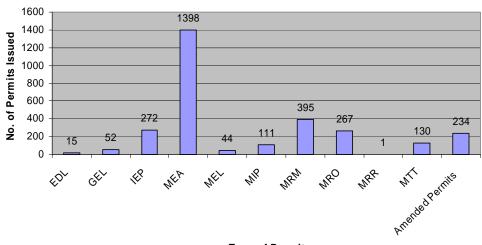
A number of exporters now seek advice from DTCC on potential end-use of their products and/or services. DTCC highly values the willingness of many exporters to cooperate in ensuring goods and services with WMD applications are not provided to undesirable end-users.

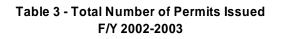
# **5.0 DTCC Permit Application Data**

The information provided in the following statistical data is collated from information provided to DTCC by the export applicant. This information primarily represents workloads for the area.

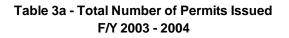
## 5.1 Permits Issued

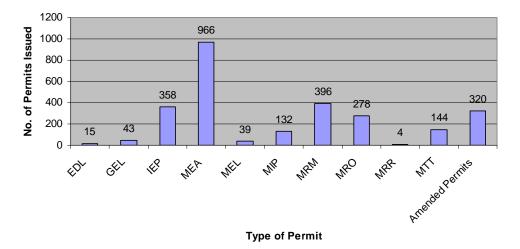
Table 3 and Table 3a represents the total number of permits issued in response to export applications lodged with DTCC for the financial year 2002/2003 and 2003/2004 respectively.<sup>16</sup>





Type of Permit





<sup>&</sup>lt;sup>16</sup> For a full description of the permits and licences provided by DTCC see attachment A

2002/2003 2003/2004

Table 4 represents a comparative analysis of permits issued by DTCC over the five year period 1998 to 2003. The table represents a 112% increase over the past five years.

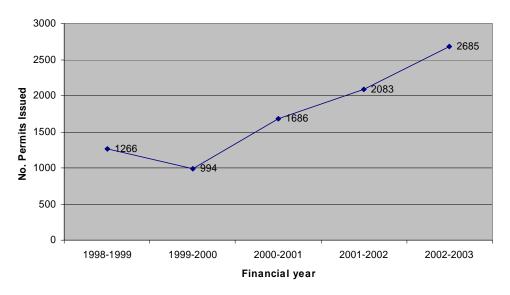


 Table 4 - Total Permits Issued Over 5 years

Table 4a represents a comparative analysis of permits issued by DTCC over the five year period 1999 to 2004. The table represents an 11% decrease from the financial year 2002/2003 to 2003/2004.

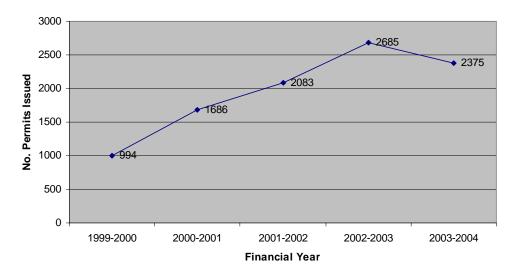


 Table 4a - Total Permits Issued over 5 Years

#### 5.2 Certificates

In addition to issuing permits, DTCC is also responsible for issuing International Import Certificates (IIC), Delivery Verification Certificates (DVC) and End User Certificates (EUC).<sup>17</sup> The number of certificates issued by DTCC in the financial years 2002/2003 and 2003/2004 is reflected in Table 5 and Table 5a respectively.

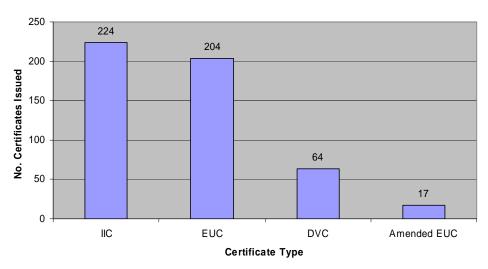


Table 5 - Certificates Issued F/Y 2002 - 2003

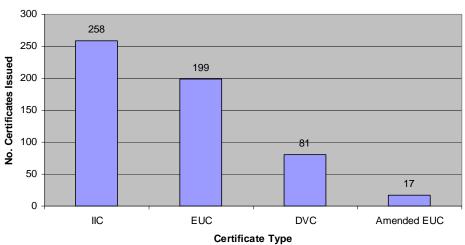


Table 5a - Certificates Issued F/Y 2003-2004

 $<sup>^{\</sup>rm 17}$  For a full description of these certificates see attachment C

Table 6 represents a comparative analysis of certificates issued by DTCC over the five year period 1998/1999 to 2002/2003. The table represents a 29% increase over the past five years.

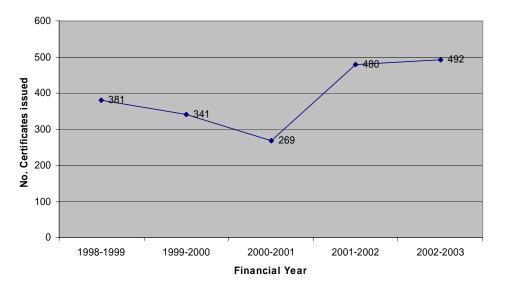
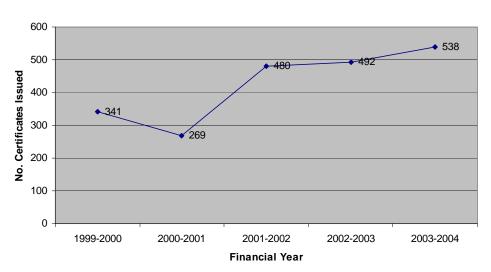


 Table 6 - Total Certificates Issued over 5 Years

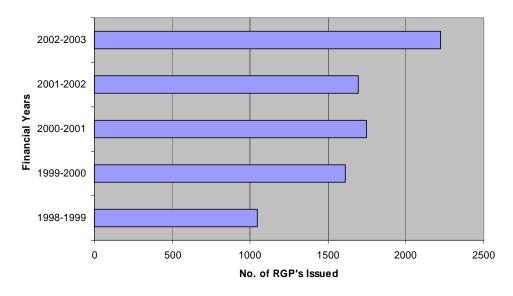
Table 6a represents a comparative analysis of certificates issued by DTCC over the five year period 1999/2000 to 2003/2004. The table represents a 9% increase from the financial year 2002/2003 to 2003/2004.





#### 5.3 Restricted Goods Permits

Table 7 represents the total number of Restricted Goods Permits (RGP) issued the financial years 1998/1999 to 2002/2003. RGP's are issued by the Australian Customs Service on behalf of DTCC and are limited to the export of up to five non-military firearms including parts, accessories and ammunition. Table 7 represents an increase of 112% over the five year period.



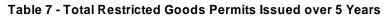


Table 7a represents a decrease of 46.51% from 2002/2003 to 2003/2004.

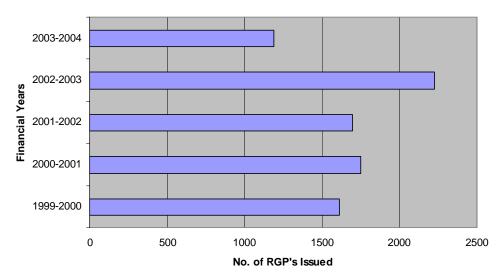
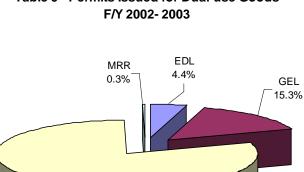


Table 7a - Total Restricted Goods Permits Issued over 5 Years

## 5.4 Dual-use Goods

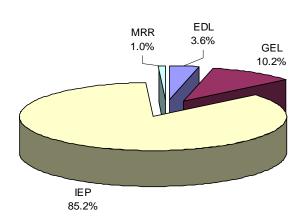
Table 9 categorises permits issued by DTCC for dual-use goods. As shown Individual Export Permits (IEP) accounts for the majority of all dual-use permits issued.



# Table 9 - Permits Issued for Dual-use Goods

Table 9a indicates a similar pattern to 2002/2003 for the issuance of dual-use permits, with a significant proportion relating to IEP Permits.<sup>18</sup>

IΕΡ 80.0%



#### Table 9a - Permits Issued for Dual-use Goods F/Y 2003-2004

<sup>&</sup>lt;sup>18</sup> See Attachment B for permit information

# 5.5 Defence and Related Goods Permits Issued

Table 10 and Table 10a categorises permits issued by DTCC for defence and related goods for the financial year 2002/2003 and 2003/2004 respectively. The tables demonstrate that Military Export Approvals (MEA) account for a large majority of all military permits issued.

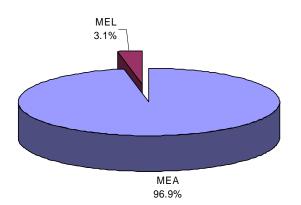
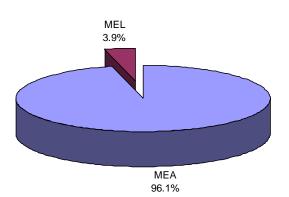


Table 10 - Permits Issued for Defence and Related Goods F/Y 2002 - 2003





2002/2003 2003/2004

Table 11 provides a comparison of applications received for defence and related goods compared to dual-use goods for the financial year 2002/2003.



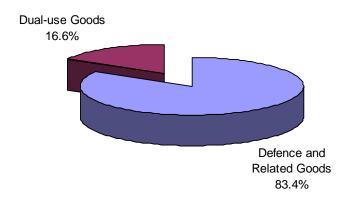
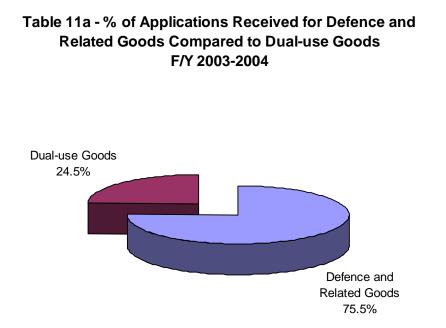
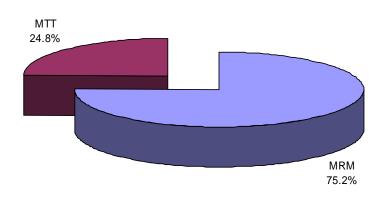


Table 11a provides a comparison of applications received for defence and related goods compared to dual-use goods for the financial year 2003/2004, which demonstrates a significant increase in applications for the export of dual-use goods.



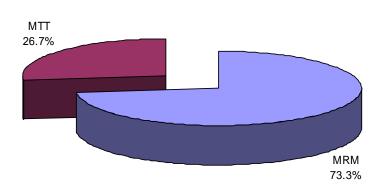
## 5.6 Temporary Export Permits Issued

Table 12 categorises permits issued by DTCC for goods being exported on a temporary basis.<sup>19</sup> The majority of permits issued for temporary exports are for military items being returned to the manufacturer for repair (MRM), as demonstrated in Table 12 and Table 12a.



#### Table 12 - Permits Issued for the Temporary Export of Controlled Goods F/Y 2002 - 2003

Table 12a - Permits Issued for the Temporary Export ofControlled Goods F/Y 2003 - 2004



<sup>&</sup>lt;sup>19</sup> Goods temporarily exported include those items being sent for repair and return and items temporarily exported for demonstration purposes.

#### 5.7 Sensitive Applications

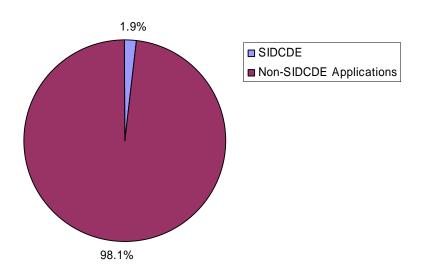
Applications that are considered sensitive are referred to the Standing Inter-departmental Committee on Defence Exports (SIDCDE) for the purpose of assessing the applications on the nature of the export, the end use and the end user.

SIDCDE was established to advise the Minister for Defence on policy issues as well as to make recommendations on sensitive applications. It is chaired by Defence and includes representatives of Defence, DFAT, Attorney-General's, Prime Minister and Cabinet, Australian Customs Service and AUSTRADE.

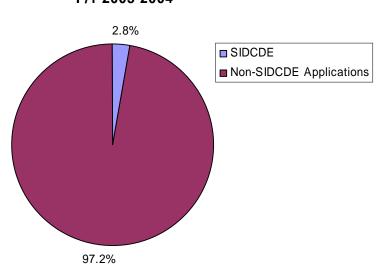
SIDCDE handles most applications out of session, but meet approximately six times per year to discuss export control policy or other matters.

For a variety of reasons, it is not practicable to publish lists of countries to which particularly close attention is given, as the situation in many countries can change rapidly. Applications for permission to export to all destinations are subject to careful consideration on a case-by-case basis.

Table 13 and Table 13a represents the percentage of applications that are sent to SIDCDE in relation to applications received for the financial year 2002/2003 and 2003/2004 respectively.



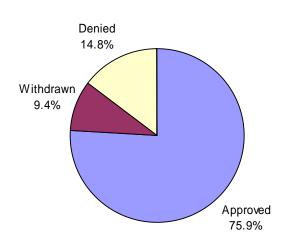
#### Table 13 - Applications Referred to SIDCDE F/Y 2002-2003



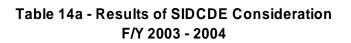
# Table 13a: Applications Referred to SIDCDE F/Y 2003-2004

2002/2003 2003/2004

Table 14 and 14a represents the results of SIDCDE consideration for the financial year 2002/2003 and 2003/2004 respectively, as demonstrated, after consideration by SIDCDE the majority of cases are approved.



#### Table 14 - Results of SIDCDE Consideration F/Y 2002-2003



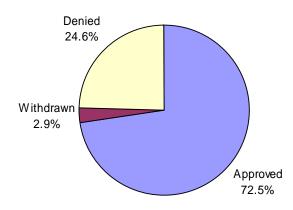
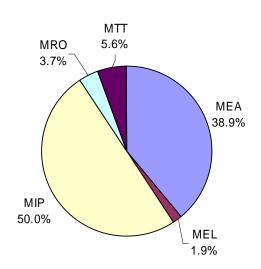
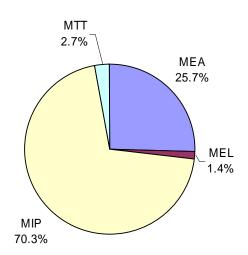


Table 15 and 15a represent the types of applications that are referred to SIDCDE for consideration for the financial year 2002/2003 and 2003/2004. The majority of referred applications are Military-In-Principle (MIP) applications, which request preliminarily advice that approval may be granted. MIP allows exporters to market defence and related goods to potential customs, however, this permit does not give actual export approval.





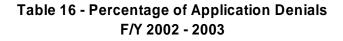


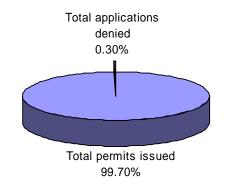


2002/2003 2003/2004

### 5.8 Permit Denials

Applications to export controlled goods are considered in terms of Australia's broad interest on a case by case basis. Table 16 and Table 16a represents the percentage of applications that were denied in the financial year 2002/2003 and 2003/2004 respectively.





# Table 16a - Percentage of Application DenialsF/Y 2003 - 2004

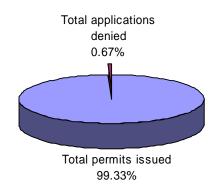
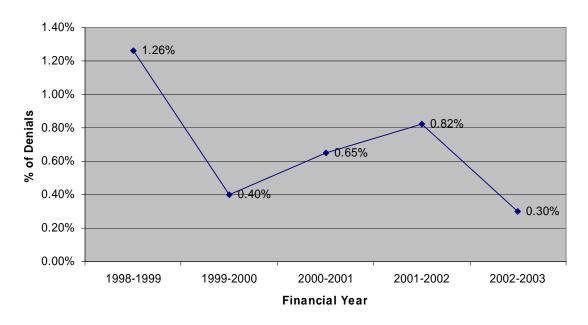
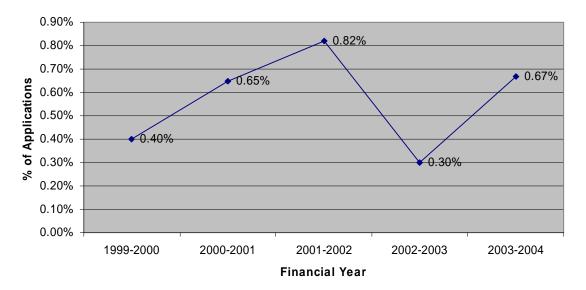


Table 17 and Table 17a is a comparative analysis of denials for the financial years 1998/1999 to 2002/2003 and 1999/2000 to 2003/2004. As demonstrated the percentage varies considerably, but continues to represent a very small proportion of overall applications.



### Table 17 - % of Total Applications Denied from F/Y 1998/1999 to 2002/2003





# **6.0 Customs EXIT Data for Actual Exports**

The statistics represented in the following tables has been derived from information input into the Customs EXIT database.

Please Note: Permit numbers may be quoted in EXIT several times to cover various lines of cargo. Where this has occurred on the same ECN, however, the values have been consolidated to provide a total export value for shipment.

#### 6.1 Actual Exports of Defence and Dual-use Goods

Table 18 provides the total value (AUD) of actual exports of defence and related goods by destination country and number of shipments for the financial year 2002/2003.

	No.	
Country of Destination	<b>Exports</b>	Total Declared Value
AUSTRIA	2	\$1,030
BANGLADESH	3	\$23,750
BAHRAIN	2	\$3,300,428
BELGIUM-LUXEMBOURG	25	\$2,427,623
BOSNIA AND HERZEGOVINA	3	\$5,500
BRAZIL	3	\$2,025,359
BRUNEI DARUSSALAM	2	\$380,261
BULGARIA	1	\$1,920
CANADA	165	\$94,211,204
CHILE	2	\$456,582
CHINA, PEOPLE'S REPUBLIC OF	5	\$175,165
CHRISTMAS ISLAND	2	\$97,708
COCOS ISLANDS	9	\$21,154
COOK ISLANDS	1	\$400
COSTA RICA	1	\$431,747
CYPRUS	18	\$17,650
CZECH REPUBLIC	18	\$158,861
DENMARK	7	\$391,702
EAST TIMOR	9	\$269,500
EGYPT	2	\$11,012
GERMANY, FEDERAL REPUBLIC	56	\$4,066,315
FIJI	4	\$265,114
FINLAND	9	\$457,341
FRANCE	36	\$10,217,679
GREECE	2	\$800
HUNGARY	1	\$528

#### Table 18: Actual Exports F/Y 2002 - 2003 – Defence and Related Goods

Annual Report - Exports of Defence and Strategic Goods from Australia		2002/2003 2003/2004	
HONG KONG	39	\$393,866	
ICELAND	1	\$5,138	
INDIA	7	\$494,258	
INDONESIA	27	\$6,378,310	
IRELAND	3	\$2,690	
ISRAEL	37	\$7,782,065	
ITALY	35	\$4,454,487	
JAMAICA	1	\$4,499	
JAPAN	40	\$3,836,065	
KENYA	4	\$7,256	
KUWAIT	3	\$280,858	
LEBANON	1	\$2,500	
MALAYSIA	15	\$2,738,576	
NAMIBIA	1	\$4,500	
NETHERLANDS	10	\$27,463	
NEW CALEDONIA	22	\$243,929	
NEW ZEALAND	390	\$14,687,534	
NORFOLK ISLAND	8	\$14,069	
NORWAY	24	\$1,072,770	
OMAN	5	\$45,776	
PAPUA NEW GUINEA	63	\$4,404,613	
PANAMA	1	\$10,502	
PHILIPPINES	42	\$2,995,439	
PORTUGAL	2	\$3,388,550	
REPUBLIC OF KOREA	8	\$2,977,897	
SHIP SUPPLIES	6	\$11,325	
SINGAPORE	38	\$1,877,914	
SLOVAK REPUBLIC	1	\$600	
SLOVENIA	4	\$2,000	
SOLOMON ISLANDS	1	\$17,020	
SOUTH AFRICA	32	\$2,264,833	
SPAIN	3	\$45,836	
SRI LANKA	8	\$25,497	
SWEDEN	27	\$4,222,948	
SWITZERLAND	7	\$47,168	
TAIWAN PROVINCE	9	\$85,867	
THAILAND	14	\$1,337,199	
TURKEY	3	\$23,573	
UNITED ARAB EMIRATES	12	\$4,325,824	
UNITED KINGDOM	275	\$23,312,427	
UNITED STATES OF AMERICA	1,724	\$240,206,842	
VANUATU	2	\$1,736	
VIETNAM, SOCIALIST REPUBLIC OF	2	\$27,720	
YUGOSLÁVIA	2	\$4,960	
ZIMBABWE	1	\$7,500	
ZONE A OF THE TIMOR GAP	5	\$693,729	
Total		\$454,212,461	

Exports of Defence and Strategic Goods from Australia

Table 19 provides the total value (AUD) of actual exports of dual-use goods, by destination country and number of shipments for the financial year 2002/2003.

Country of Destination	No.	Total Declared
Country of Destination	Exports	
ANGOLA	1	\$40,364 \$10,032
	4	\$19,033 \$500
BANGLADESH	2 3	\$500 \$2,006
BELGIUM-LUXEMBOURG		\$2,006
BRAZIL CANADA	1 3	\$821,194 \$240,411
CHILE	10	
CHINA, PEOPLE'S REPUBLIC OF	10	\$2,161,623 \$491,450
CROATIA	1	\$25,807
CUBA	2	\$25,607 \$82,099
DENMARK	1	\$159,506
GERMANY, FEDERAL REPUBLIC	6	\$131,900
FIJI	5	\$672,254
FINLAND	11	\$925,816
FRANCE	2	\$1,867
GEORGIA	1	\$98,744
GHANA	86	\$26,977,114
GUINEA	19	\$6,841,547
HONDURAS	1	\$2,378
HONG KONG	94	\$6,541,158
INDONESIA	90	\$830,359
INDIA	57	\$175,461
ISRAEL	1	\$7,199
ITALY	16	\$62,912
JAPAN	65	\$3,557,979
KENYA	8	\$1,107,545
MALAYSIA	150	\$1,299,700
MALI	5	\$1,275,129
NAMIBIA	16	\$1,882,198
NETHERLANDS	46	\$13,335,451
NEW CALEDONIA	3	\$860
NEW ZEALAND	1,433	\$5,797,878
NIGERIA	1	\$1,209,735
NORWAY	7	\$277,384
PANAMA	1	\$102,479
PAPUA NEW GUINEA	66	\$7,922,144
PERU	52	\$12,554,973
PHILIPPINES	90	\$286,494
REPUBLIC OF KOREA	193	\$1,778,975
RUSSIAN FEDERATION	1	\$280,177
SAUDI ARABIA	1	\$54
SINGAPORE	308	\$2,180,491
SOUTH AFRICA	16	\$1,011,014

Annual Report - Exports of Defence and Strategic Goods from Australia		2002/2003 2003/2004
SPAIN	1	\$389,822
SRI LANKA	32	\$39,422
SWEDEN	2	\$916
SWITZERLAND	1	\$23,911
TAIWAN PROVINCE	75	\$83,384
TANZANIA, UNITED REPUBLIC OF	15	\$5,096,040
THAILAND	130	\$3,021,939
TUNISIA	3	\$59,995
TURKEY	6	\$446,924
UNITED ARAB EMIRATES	4	\$30,636
UNITED KINGDOM	43	\$3,325,663
UNITED STATES OF AMERICA	217	\$9,504,423
VIETNAM, SOCIALIST REPUBLIC OF	16	\$641,602
ZIMBABWE	17	\$2,087,395
Total		\$127,925,434

Table 20 provides the total value (AUD) of actual exports of defence and related goods by destination country and number of shipments for the financial year 2003/2004.

	No.	Total
Country of Destination	<b>Exports</b>	Declared Value
AUSTRIA	- 5	\$10,750
AUSTRALIA	1	\$1,210
BANGLADESH	2	\$13,437
BELGIUM-LUXEMBOURG	19	\$2,088,586
BRUNEI DARUSSALAM	4	\$59,621
CANADA	209	\$78,372,058
CHILE	2	\$913,858
CHINA, PEOPLE'S REPUBLIC OF	13	\$208,145
CHRISTMAS ISLAND	4	\$2,940
COCOS ISLANDS	4	\$12,985
COLOMBIA	1	\$185
CONGO	1	\$5,701
CROATIA	1	\$57,500
CYPRUS	16	\$10,995
CZECH REPUBLIC	6	\$113,115
DENMARK	1	\$19,803
EAST TIMOR	4	\$24,325
EGYPT	2	\$5,200
GERMANY, FEDERAL REPUBLIC	102	\$8,654,664
FINLAND	5	\$8,697
FRANCE	33	\$7,123,033
GREECE	1	\$1,000
GUYANA	1	\$3,770
HONG KONG	36	\$300,252
ICELAND	1	\$150
INDIA	24	\$139,862
INDONESIA	33	\$6,791,799
IRAQ	1	\$15,610
IRELAND	5	\$33,889
ISRAEL	44	\$18,270,087
ITALY	32	\$617,225
JAMAICA	1	\$5,450
JAPAN	39	\$3,250,561
KUWAIT	5	\$347,168
LATVIA	1	\$120
LEBANON	1	\$1,000
MACAO	3	\$81,051
MARSHALL ISLANDS, REPUBLIC	1	\$500
MEXICO	1	\$69
MALAYSIA	13	\$510,916
MALAWI	1	\$400
MALTA	1	\$366,590

 Table 20: Actual Exports – Defence and Related Goods F/Y 2003 – 2004

Annual Report - Exports of Defence and Strategic Goods from Australia		2002/2003 2003/2004	
NAMIBIA	1	\$2,000	
NETHERLANDS	4	\$8,110	
NEW CALEDONIA	14	\$123,980	
NIGERIA	1	\$3,068	
NORFOLK ISLAND	5	\$6,635	
NORWAY	4	\$60,877	
NEW ZEALAND	620	\$26,619,827	
OMAN	1	\$9,734	
PAKISTAN	3	\$63,603	
PHILIPPINES	40	\$2,653,474	
POLYNESIA (Fr.)	1	\$2,800	
PAPUA NEW GUINEA	60	\$3,854,154	
PORTUGAL	1	\$647	
REUNION (Fr)	1	\$2,299	
REPUBLIC OF KOREA	10	\$347,814	
RUSSIAN FEDERATION	9	\$64,855	
SOUTH AFRICA	33	\$2,622,309	
SAUDI ARABIA	2	\$14,442	
SHIP SUPPLIES	1	\$650	
SINGAPORE	188	\$3,682,541	
SIERRA LEONE	1	\$4,683	
SOLOMON ISLANDS	6	\$270,648	
SPAIN	1	\$258	
SRI LANKA	2	\$1,495	
SWEDEN	19	\$1,011,854	
SWITZERLAND	8	\$347,423	
TAIWAN PROVINCE	12	\$20,147	
THAILAND	6	\$74,519	
TURKEY	4	\$90,715	
UNITED ARAB EMIRATES	4	\$144,712	
UNITED KINGDOM	315	\$23,993,308	
UNITED STATES OF AMERICA	2,189	\$398,138,498	
VANUATU	3	\$5,807	
VIETNAM, SOCIALIST REPUBLIC	3	\$8,029	
YUGOSLAVIA	1	\$1,350	
ZONE A OF THE TIMOR GAP	9	\$507,781	
Total		\$593,209,323	

2002/2003 )04 Table 21 provides the total value (AUD) of actual exports of dual-use goods by destination country and number of shipments for the financial year 2003/2004.

### Table 21: Actual Exports – Dual-use Goods F/Y 2003 - 2004

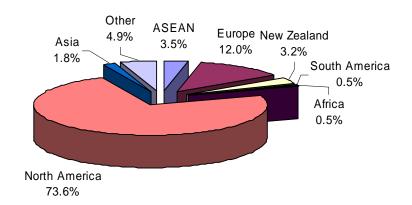
Country of Destination	No. Exports	Total Declared Value
Country of Destination AFGHANISTAN	Exports 3	\$690,881
AUSTRIA	3	\$090,881 \$4,020
AZERBAIJAN	1	\$14,650
BELGIUM-LUXEMBOURG	11	\$229,148
BOTSWANA	1	\$338,086
BRAZIL	6	\$7,675
BRUNEI DARUSSALAM	1	\$2,100
CANADA	7	\$149,084
CHILE	9	\$1,280,156
CHINA, PEOPLE'S REPUBLIC OF	24	\$536,448
CUBA	1	\$66,973
CZECH REPUBLIC	1	\$10,430
DENMARK	5	\$155,330
ECUADOR	1	\$20,388
ETHIOPIA	1	\$263,629
GERMANY, FEDERAL REPUBLIC	22	\$91,938
FIJI	13	\$550,119
FINLAND	7	\$236,270
FRANCE	12	\$87,078
GHANA	102	\$24,289,890
GIBRALTAR	1	\$1,960
GUINEA	27	\$9,436,314
HONG KONG	37	\$913,323
INDONESIA	11	\$536,881
INDIA	11	\$221,802
IRAQ	8	\$4,250,110
ISRAEL	1	\$41
ITALY	56	\$63,944
	129 1	\$1,895,475
JAMAICA JORDAN	1	\$36,978 \$2,504
KAZAKHSTAN	3	\$2,504 \$487,501
KENYA	11	\$1,821,805
LAO, PEOPLE'S DEMOCRATIC		φ1,021,00 <b>5</b>
REPUBLIC OF	4	\$349,893
MALAYSIA	33	\$588,536
MALI	33	\$8,092,248
MALTA	1	\$918
MONGOLIA	2	\$135,133
NAMIBIA	11	\$759,702
NETHERLANDS	17	\$744,760
NEW CALEDONIA	5	\$1,895
NEW ZEALAND	1,662	\$4,652,371

Annual Report - Exports of Defence and Strategic Goods from Australia		2002/2003 2003/2004	
NORWAY	1	\$2,000	
PAKISTAN	2	\$102,715	
PERU	108	\$14,701,355	
PHILIPPINES	14	\$199,677	
PAPUA NEW GUINEA	57	\$5,671,608	
PANAMA	3	\$206,911	
POLAND	1	\$500	
REPUBLIC OF KOREA	48	\$101,238	
RUSSIAN FEDERATION	1	\$44,257	
SAUDI ARABIA	2	\$1,496	
SENEGAL	5	\$1,145,248	
SINGAPORE	372	\$1,880,934	
SOUTH AFRICA	39	\$3,231,955	
SPAIN	1	\$1,240	
SRI LANKA	10	\$4,874	
SUDAN	1	\$13,050	
SWEDEN	4	\$12,052	
SWITZERLAND	2	\$220	
TAIWAN PROVINCE	45	\$538,309	
TANZANIA, UNITED REPUBLIC OF	9	\$2,550,640	
THAILAND	33	\$1,281,562	
TURKEY	5	\$248,358	
UGANDA	1	\$129,124	
UNITED ARAB EMIRATES	3	\$219,545	
UNITED KINGDOM	55	\$245,869	
UNITED STATES OF AMERICA	253	\$6,553,483	
VENEZUELA	1	\$9,653	
VIETNAM, SOCIALIST REPUBLIC OF	3	\$83,424	
ZIMBABWE	17	\$1,122,118	
Total		\$104,321,802	

2002/2003 )4

Exports of Defence and Strategic Goods from Australia

Table 22 and Table 22a provides an overview of actual exports of defence and related goods to country groups for the financial year 2002/2003 and 2003/2004 respectively. As demonstrated, North America continues to be the largest destination of Australian defence and related goods.



### Table 22 - Actual Defence and Related Goods Exports by Country Group F/Y 2002/2003

# Table 22a - Actual Defence and Related Goods Exports by Country Group F/Y 2003/2004

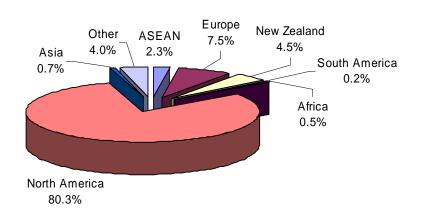


Table 23 and Table 23a provides an overview of actual exports of dual-use goods to country groups for the financial year 2002/2003 and 2003/2004 respectively. As shown, Africa continues to be the largest destination of Australian dual-use goods.

# Table 23 - Actual Exports of Dual-Use Goods by Country GroupF/Y 2002/2003

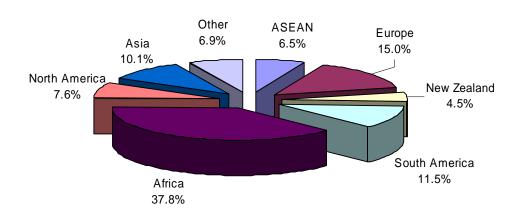
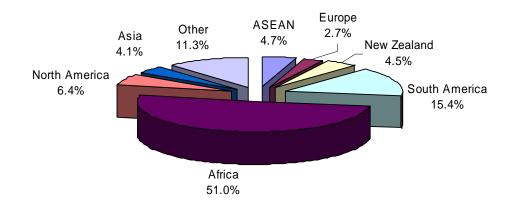


 Table 23a - Actual Exports of Dual-use Goods by Country

 Group F/Y2003/2004



# Attachment A- Customs Regulation 13E (Prohibited Exports) Regulations 1958

#### **REG 13E Exportation of certain goods**

(1) In this regulation:

*Airline* means a person who carries on a commercial air transport enterprise that involves offering or operating scheduled or chartered air services.

*Authorised officer* means an officer authorised in writing by the CEO to be an authorised officer for this regulation.

Authorised person means a person authorised under sub-regulation (1A).

Defence and strategic goods list means the document:

- (a) Formulated and published under paragraph 112 (2A) (aa) of the Act by the Minister for Defence; and
- (b) titled 'The Defence and Strategic Goods List' in the publication 'Australian Controls on the Export of Defence and Strategic Goods'; and
- (c) dated November 1996;

as amended by the Minister and in force from time to time.

*Sky marshal* means a person who is employed or engaged to travel on an aircraft to provide security for 1 or more passengers or crew on the aircraft by:

- (a) The Government of a foreign country; or
- (b) an agency of the Government of a foreign country; or
- (c) an airline.
- (1A) The Minister for Defence may authorise in writing:
  - (a) A person employed in the Department of Defence; or
  - (b) for goods listed in Part 1 of the defence and strategic goods list an Officer of Customs; to grant a licence or permission to export from Australia goods listed in the defence and strategic goods list.
- (1B) An authority given under sub-regulation (1A) may be:
  - a) subject to conditions about the circumstances in which goods are exported; and
  - b) restricted to a number, type or category of goods.
- (2) The exportation from Australia of goods specified in the defence and strategic goods list is prohibited unless:

- (a) A licence in writing to export such of those goods as are specified in the licence has been granted by the Minister for Defence or by an authorised person, and the licence is produced to a Collector; or
- (b) a permission in writing to export such of those goods as are specified in the permission has been granted by the Minister for Defence or by an authorised person, and the permission is produced to a Collector; or

### (c) the goods:

(i) are goods the owner of which is the defence force of any of the following countries:

- (A) Brunei Darussalam;
- (B) Canada;
- (C) Malaysia;
- (D) New Zealand;
- (E) Papua New Guinea;
- (F) the Kingdom of Cambodia;
- (G) the Kingdom of Thailand;
- (H) the Republic of Fiji;
- (I) the Republic of Indonesia;
- (J) the Republic of the Philippines;
- (K) the Republic of Singapore;
- (L) the United Kingdom;
- (M) the United States of America;
- (N) Tonga;
- (O) in the case of goods:
  - (I) that have been imported into Australia from a country that is contributing to an operational multinational force established by a United Nations Security Council Resolution for the purpose of directly providing aid to East Timor; and
  - (II) that are being exported to East Timor and are intended for use for the purposes of the force; the country that is contributing to the force;
- (P) in the case of goods:
  - (I) that have been imported into Australia from East Timor; and
  - (II) that have been used, or were intended for use, in East Timor for the purpose of an operational multinational force established by a United Nations Security Council Resolution for the purpose of directly providing aid to East Timor; and
  - (III) that are being exported to a country that is contributing to the force;

the country that is contributing to the force; and

- (ii) have been imported into Australia by:
  - (A) the defence force that is the owner of the goods; or
  - (B) a member of that defence force to whom the goods have been issued; and
- (iii) are to be exported from Australia by:

2002/2003 2003/2004

(A) the defence force that is the owner of the goods; or(B) a member of that defence force to whom the goods have been issued; and

(iv) are specified in Part 1 (other than item ML7) or Part 3 (other than items 1C350, 1C351, 1C352, 1C353, 1C354 and 1C450) of the defence and strategic goods list; or

(d) the goods:

(i) are goods the owner of which is:

(A) in the case of goods:

(I) that have been imported into Australia from a country that is contributing to an operational multinational force established by a United Nations Security Council Resolution for the purpose of directly providing aid to East Timor; and

(II) that are being exported to East Timor and are intended for use for the purposes of the force;

a police force of the country that is contributing to the force; and (B) in the case of goods:

(I) that have been imported into Australia from East Timor; and (II) that have been used, or were intended for use, in East Timor for the purposes of an operational multinational force established by a United Nations Security Council Resolution for the purpose of directly providing aid to East Timor; and

(III) that are being exported to a country that is contributing to the force;

a police force of the country that is contributing to the force; and (ii) have been imported into Australia by:

(A) the police force that is the owner of the goods; or

(B) a member of that police force to whom the goods have been issued; and

(iii) are to be exported from Australia by:

(A) the police force that is the owner of the goods; or

(B) a member of that police force to whom the goods have been issued; and

(iv) are specified in item ML901a or ML902 of Part 1 of the defence and strategic goods list; or

(e) the following conditions are satisfied for the goods:

(i) the goods were last imported into Australia on an aircraft by a sky marshal while carrying out his or her duties;

(ii) there is an agreement in force between the Government of the foreign country represented by the sky marshal and the Government of Australia providing for the importation of the goods into Australia on aircraft by sky marshals;

(iii) immediately after the goods were imported, the sky marshal surrendered the goods to an authorised officer for secure storage until the goods were to be exported in accordance with subparagraph (iv);

(iv) within 3 months after the goods were imported into Australia, the goods are exported from Australia by a sky marshal representing the foreign country.

*Note* For the circumstances, in which a sky marshal represents a foreign country, see sub regulation (2AA).

#### (2AA) For paragraph (2) (e), a sky marshal represents a foreign country if:

(a) the sky marshal is employed or engaged by the Government of the country, or an agency of the Government of the country, to carry out the duties of a sky marshal; or

(b) for a sky marshal employed or engaged by an airline to carry out the duties of a sky marshal on an aircraft — the aircraft is registered under the law of the country.

- (2A) An application for a licence or permission under sub-regulation (2) to export goods mentioned in sub-regulation (2B) must be made in writing at least 37 days before the proposed date of exportation.
- (2B) The goods referred to in sub-regulation (2A) are goods mentioned in the following items in the defence and strategic goods list:

(a) item ML7a (not being CW incapacitating agents mentioned in Note 1.c or CW defoliants mentioned in Note 1.d);

- (b) item ML7b;
- (c) item 1C350.23;
- (d) item 1C351.d.4;
- (e) item 1C351.d.5.
- (3) A licence or permission may state that its holder must comply with conditions or requirements including:

(a) a time (before or after exporting goods) at or before which the holder must comply with a condition or requirement;

- (b) the circumstances in which goods may be exported;
- (c) the number, type or category of goods that may be exported.
- (4) A licence or permission granted under this regulation may specify that the licence or permission may, subject to this regulation, be surrendered in exchange for the granting to the holder of the surrendered licence or permission of another licence or permission (or licences or permissions) to export goods of the kind to which the surrendered licence or permission relates.
- (5) A licence or permission may not be surrendered in accordance with sub-regulation (4) except with the consent in writing of the Minister for Defence or an authorised person.
- (6) Where, in relation to any goods to which this regulation relates:
  (a) the Minister for Defence or an authorised person grants a licence or permission (or 2 or more licences or permissions) in exchange for a surrendered licence or permission; and
  (b) the surrendered licence or permission specifies conditions or requirements to be complied with by the holder of that licence or

permission; the licence or permission (or licences or permissions) so granted may:

(c) omit any goods included in the surrendered licence or permission;(d) include additional goods, being goods to which this regulation relates; and

(e) vary or modify any condition or requirement.

(7) The Minister for Defence may revoke a licence or permission granted under this regulation if the holder of the licence or permission has failed to comply with a condition or requirement specified in the licence or permission.

### Attachment B – International Co-operation

# The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-use Goods and Technologies

The Wassenaar Arrangement<sup>20</sup> is an important association of 39 countries, established to prevent destabilising proliferation of conventional arms and dual-use technologies. Its primary purpose is general exchange of information on;

- Global development in the field of security;
- security situation in crisis regions;
- global trends in trade in conventional arms and dual-use goods and technologies;
- exports of items listed in any of the conventional arms categories and export licence denials.

The Wassenaar Arrangement promotes transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies with military applications. Participating States undertake to ensure that such exports do not undermine international and regional security and stability, and are not diverted to regions of concern.

The Wassenaar Arrangement controls are contained in the munitions list and the dual-use goods and technology list. Subsets of the dual-use goods and technology list (Sensitive List and Very Sensitive List) prescribe transfer notification requirements.

The Wassenaar Arrangement points of contact are the Permanent Mission of Australia in Vienna and the Wassenaar Arrangement Secretariat, based in Vienna.

The Wassenaar Arrangement comprises the following working groups and meetings:

- Expert Group, dealing with the review of the Control Lists;
- General Working Group, dealing with information exchange and consultation;
- Licensing and Enforcement Officers Meeting, dealing with implementation and enforcement, and
- Plenary Meeting, setting political direction.

<sup>&</sup>lt;sup>20</sup> For details see <u>www.wassenaar.org</u>

### Australia Group

The Australia Group<sup>21</sup> was formed in 1985 with the aim of harmonising export control measures on chemical weapons precursor chemicals. The Australia Group charter was subsequently extended to include controls on chemical production equipment and technologies which might be misused for chemical weapons purposes. The scope of the Australia Group function was extended again in 1990 to include measures to prevent the proliferation of biological weapons.

The Australia Group control lists are regularly reviewed to minimise the diversion risk of dual-use chemicals and equipment.

The Australia Group has four Control Lists

- Chemical Weapons Precursor Chemicals;
- Biological Weapons Precursor Toxins;
- Chemical Weapons Manufacturing Equipment, and
- Biological Weapons Manufacturing Equipment.

Activities of the Australia Group comprise the annual Plenary, Expert, Enforcement and Information Exchange Meetings. Meetings are held in Paris, France each year. The Australia Groups Permanent Secretariat and Chair are provided by Australia (DFAT – Arms Control Branch).

### Nuclear Suppliers Group

The Nuclear Suppliers Group<sup>22</sup> was established in 1975 and controls the export of;

- Nuclear materials, equipment and technology specific to the nuclear industry, and
- Nuclear dual-use items having both nuclear and non-nuclear applications.

The Nuclear Suppliers Group guidelines ensure that trade involving these classes of materials does not contribute to the proliferation of nuclear weapons. The guidelines and control lists are periodically reviewed to ensure that they reflect technological advances. The Nuclear Suppliers Group point of contact is the Permanent Mission of Japan in Vienna.

The Nuclear Suppliers Group has two Control Lists:

- Nuclear Industry Goods
- Nuclear Dual-Use Goods (irrelevant to the nuclear fuel cycle and enrichment processes).

<sup>&</sup>lt;sup>21</sup> For further details see <u>www.australiagroup.net</u>

<sup>&</sup>lt;sup>22</sup> For further details see <u>http://www.iaea.org</u>

Nuclear Suppliers Group activities include a plenary, dual-use consultation, licensing and enforcement officers meeting and information exchange sessions, which are held annually. The Plenary is held in the country of the Chair for the year.<sup>23</sup>

### Missile Technology Control Regime (MTCR)

The seven major Western suppliers of missile technology (United States, Japan, United Kingdom, West Germany, Italy, France and Canada) established the Missile Technology Control Regime<sup>24</sup> in 1987. The MTCR aims to limit nuclear weapons proliferation by controlling the export of missile or unmanned aerial vehicle systems which could deliver a 500 kg warhead to a distance of 300 km, as well as equipment and technology for the development or production of such missiles. In 1992 the MTCR was broadened to cover missile or unmanned aerial vehicle systems capable of carrying smaller chemical and biological payloads. Control parameters were changed to cover equipment capable of delivering a payload with zero mass to a range of at least 300 km.

The MTCR export controls complement other non-proliferation controls regulating the exports of military, nuclear, chemical and biological goods. MTCR controls are not intended to hinder cooperation in civil space projects.

The MTCR implements two categories of control;

- Category 1: 500kg minimum payload and more than 300km range (predisposition to denial without government-to-government agreements)
- Category 2: 0kg payload and more than 300km range

The MTCR convenes an annual plenary, technical expert meeting and information exchange sessions, held in the country of the MTCR Chair for the year<sup>25</sup>. The MTCR point of contact is performed by the French Ministry of Foreign Affairs in Paris.

<sup>&</sup>lt;sup>23</sup> Chair rotates annually on a voluntary basis

<sup>&</sup>lt;sup>24</sup> For further details see <u>www.mtcr.info/english/index</u>

<sup>&</sup>lt;sup>25</sup> Chair rotates annually on a voluntary basis

## Attachment C - Types Of Export Permits and Licences

Defence and Related Goods		
Licence Type	Definition Standard	Validity
MEA Military	Covers the export of a specified quantity of defence	12
Export Licence	and related goods to a single consignee.	months
MEL Military	Covers the export of unspecified quantities of	24
Export Licence	defence and related goods to single consignees.	months
MIP Military In-	Preliminary advice that approval may be granted.	12 – 36
principle Permit	MIP allows exporters to market defence and related	months
	goods to potential customers. (This permit does not	
	give actual export approval)	
MTT Military	Used for defence and related goods which will be	12
Temporary	returning to Australia (eg overseas demonstrated	months
Export Permit	trials).	
MRM Military	To return defence related goods to overseas	12
Return to	manufacturer (eg. after repair or modification)	months
Manufacture		
MRO Military	To return defence related goods to overseas owners	12
Return to Owner	(eg after repair or modification)	months

### Defence and Related Goods

### Nuclear and Dual-use Goods

Nuclear and Dual-use	Nuclear and Dual-use Goods		
Licence Type	Definition Standard	Validity	
IEP Individual	The single transaction export of a specified quantity	6 months	
Export Permit	of nuclear and dual-use goods to a single consignee.		
ESS Export Service	Used for nominated dual-use goods in support of a	24	
Supply	maintenance program or service to specified	months	
Licence	companies.		
AIP Approval In-	Preliminary advice that approval may be granted.	12 - 36	
principle Permit	AIP allows exporters to market controlled goods to	months	
	potential customers. (This permit does not give actual		
	export approval)		
MRR Maintenance	To return or send dual-use goods for repair or after	24	
Return and	repairs overseas.	months	
Repair Licence			
EDL Export	The multiple shipment of an unspecified quantity of	24	
Distribution	nuclear and Dual-use goods to a single or multiple	months	
Licence	consignees.		
GEL General Export	The export of a range of dual-use goods to	12 - 24	
Licence	unspecified Consignees in nominated countries.	months	

Attachment D – Certificates	Issued by DTCC
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Certificate Type	Definition	Standard Validity
End-user Certificate	Certificate to cover the import of defence	To be presented
	goods for use by the Australian Department of	within 6 months of
	Defence.	issue
International Import	Certificate issued to Australian companies as	To be presented
Certificate	supporting documentation to assist their	within 6 months of
	overseas supplier in gaining export	issue
	permission from their licensing authorities.	
Delivery	Certificate that verifies that import goods	To be presented
Verification	have landed in Australia and any re-export	within 6 months of
Certificate (DVC)	will be controlled.	issue

## NOTES STATISTICS

The statistics in this report were prepared by Defence Trade Control and Compliance, Strategy Group within the Australian Department of Defence. The following should be noted regarding the statistics reported:

- The values (in AUD) and numbers of shipments (referred to as "No." in most tables) records are based on Australian Customs Service data provided to the Department of Defence and cover the period 1 July 2002 to 30 June 2004.
- Shipments are only included if they have a clear Export Clearance Number (ECN) and, in the case of exports by ship or air, are quoted in a manifest acquitting the ECN, and for which an export permit or licence has been issued by the Department of Defence. It should be noted that exports by post do not normally require a manifest.
- The value of shipments is given in then year Australian dollars and represents the values quoted in ECNs or manifests. The shipments are included in a particular financial year on the basis of the 'Actual Shipment Date' ('Expected Shipment Date' in the case of postal exports) entered into the Customs' EXIT system.
- Statistics in this report only cover shipments of goods whose exports were controlled by the Regulation 13E of the *Customs (Prohibited Exports) Regulations 1958.*
- The values of exports of defence and related goods include only "genuine" exports. They do not include values for Returns to Manufacturers, Returns to Owners or Temporary Exports. A summary of these is in Attachment B.
- On work times, all applications are included in a particular financial year based on the date signed out on the Export Control database and which are marked "completed" on the database.
  - Worktimes are based on calendar days and can include non-working days such as weekends and public holidays (which tends to overstate the figures).
- The destination 'Ship's Stores' refer to goods that are leaving Australia but will be held on board a ship or aeroplane for their own supplies or inventory. The destination 'Zone of Co-operation "A" refers to an area of the Timor Sea between Australia and East Timor that is subject to an oil exploration agreement (currently being revised) between the two countries.