

# **ANNUAL REPORT**

## **EXPORTS OF DEFENCE AND STRATEGIC GOODS FROM AUSTRALIA**

**1994/95, 1995/96 and 1996/97**

**Industry and Procurement Infrastructure Division**

**Department of Defence**

**February 1998**

Copies of this report are available from:  
Directorate of Strategic Trade Policy and Operations  
Industry and Procurement Infrastructure Division  
Department of Defence  
Campbell Park (CP4-1-75)  
Northcott Drive  
Canberra ACT 2600 Australia

Phone: (02) 6266 2586

Fax: (02) 6266 2997

E-mail: [david.fitzsimmons@dao.defence.gov.au](mailto:david.fitzsimmons@dao.defence.gov.au)

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## **FOREWORD**

Australia is a responsible exporter of defence and strategic goods. The Government supports defence exports as part of its commitment to a viable Australian defence industry base and to defence self-reliance. To ensure that our defence exports are consistent with Australia's foreign, strategic, arms control and non-proliferation policy objectives, the export of defence and strategic goods is controlled to enable scrutiny and assessment of applications by the Government.

### **Export Control Administration and Transparency**

The administration of export controls has been progressively streamlined over the past few years to minimise hurdles to trade. Efforts have been made to improve transparency so that controls are better understood by the community.

Three key elements of this transparency are: the provision of statistics that show the level of export activity; the publication of guidelines for exporters and importers, the latest in December 1996; and the staging of Defence Export Control Seminars. Seminars were held in every mainland capital city in both 1996 and 1997. In addition, a number of export control brochures are available for industry, travellers and the general public, plus one which provides general advice on the Weapons of Mass Destruction Act, which is also administered by my Division.

A number of changes to the administration of export controls were implemented in December 1996 aimed at streamlining the process, including:

### **Defence as a "One-Stop Shop" for Export Controls**

Administrative responsibility for the controls on the export of precursor chemicals and biological agents and for the export of most nuclear industry goods was transferred from the Minister for Foreign Affairs and the Minister for Resources and Energy to the Minister for Defence Industry, Science and Personnel on 12 December 1996, thereby making the Department of Defence the initial point of contact for export approval for all defence and strategic goods. Exports of nuclear source material, eg uranium, continue to be the responsibility of the Minister for Resources and Energy.

### **Revision of Customs (Prohibited Exports) Regulations**

At the same time Regulations 13B, 13D, 13F and 13G were replaced by one, Regulation 13E. As well, Schedules 13, 15 and 16 and different export control lists were replaced by a single, stand alone list, the Defence and Strategic Goods List (DSGL), which is separate from the Regulation.

### **Common Numbering System**

The new DSGL is based on the European Community (EC) Regulation dual-use list which is used by all members of the EC. This list and numbering system has also been adopted by the United States. There are benefits to industry through standardisation with Europe and the United States .

## **Export Statistics**

The Annual Reports published in June 1996 and March 1997, gave export statistics for both defence and related goods and dual-use goods for the previous three financial years. Once again we are continuing with the three-year format as it provides a good comparison with exports for previous years. It also gives us the opportunity to update former years' statistics if necessary, as Customs allows exporters to amend export entries for up to 15 months after the event.

There are several significant events that impact on this year's statistics:

## **Introduction of the Wassenaar Arrangement and Chemical Weapons Convention Controls**

In December 1996, Australia introduced new export controls to implement the Wassenaar Arrangement (conventional weapons and dual-use goods and technologies with military applications) and the Chemical Weapons Convention (CWC). The CWC entered into force on 29 April 1997.

This report, for the first time, includes goods previously controlled by other Departments (see above), Wassenaar Arrangement goods, and chemicals controlled under the CWC. These are included in the statistics for the second half of 1996/97.

## **Postal Exports**

Until this report, self-acquitting Export Clearance Numbers (ECN), ie those ECNs assigned by Customs for postal consignments, had not been included; thus, the export figures to date have been slightly understated. These have now been included, and for comparison purposes, have also been shown for the previous two years.

## **Commitment to Service**

IPI Division aims to improve its business performance and to ensure that as far as possible effective export controls are consistent with efficient exporting. We appreciate feedback on whether the "approval-in-principle" service is valued. And, over the next 12 months, I would encourage exporters to provide constructive criticism, by proposing improvements to our export administration and to the presentation of this Annual Report.

Dr Graham Kearns  
Head,  
Industry and Procurement Infrastructure Division

February 1998.

## INTRODUCTION

The Australian Government encourages the development of defence and related industry in Australia as part of the policy of Defence self-reliance. The Government encourages the export of defence and related and dual-use goods and technology but recognises that there needs to be appropriate controls over the export of such goods, to protect and promote Australia's strategic and foreign policy interests.

The Government also recognises that controls should be kept to an appropriate level so as not to unnecessarily hinder exports which sustain industry capabilities, and should as far as possible be comparable and compatible with those of our partners in the various non-proliferation and export control regimes to ensure fair competition.

The Strategic Trade Policy and Operations Section (STPO) in the Australian Department of Defence is now Australia's single permit issuing authority (PIA) for these goods and it ensures that Australia exports responsibly, thus maintaining Australia's high international standing as a responsible member of the international defence and strategic goods exporting community.

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

STPO 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 considers sensitive export applications for defence and related goods or exports of such goods to sensitive destinations.

This report briefly describes Australia's strategic export controls, in the context of global non-proliferation objectives and lists exports of defence and related materiel and dual-use goods for the financial years 1994/95, 1995/96 and 1996/97.

Prior to 12 December 1996, Regulation 13E only covered dual-use goods covered under the Co-ordinating Committee for Multilateral Strategic Export Controls (COCOM), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG) and the Australia Group (AG). From that date, Regulation 13E was expanded to include the munitions list and industrial dual-use list from the Wassenaar Arrangement, missile systems and related equipment from the MTCR, nuclear-specific and nuclear industry goods from the NSG, Australia Group chemicals and biological agents and toxins and manufacturing equipment and related technology, and chemical weapons precursors from the CWC.

The statistics in this report cover goods that were controlled under the former Regulations 13B and 13E prior to 12 December 1996 and goods controlled under the revised Regulation 13E from 12 December 1996 onwards. Given the introduction of Australia Group chemicals and biological toxins, nuclear industry goods and CWC chemicals in December 1996, more goods are controlled in the second half of 1996/97.

## **International Regimes**

Australia's export controls are based on international agreements and arrangements designed to control the export of certain goods and related technology. Australia has joined these regimes to participate in the international effort to prevent the proliferation of weapons of mass destruction and to help 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.

By observing strict and responsible export controls, Australia contributes to controlling the spread of weapons of mass destruction, and destabilising accumulations of conventional weapons, thereby contributing to international and regional security, including enhancing Australia's security in its own region and internationally.

## **Nuclear Suppliers Group (NSG)**

The Nuclear Suppliers Group (NSG) was first established in 1975, and currently consists of 35 countries, including Australia, as members. The NSG covers two categories of goods: nuclear material, equipment and technology which are specific to the nuclear industry, and so-called nuclear dual-use items which have both nuclear and non-nuclear applications. Both categories of goods have the potential to make a contribution to a nuclear explosive activity or an unsafeguarded nuclear fuel-cycle activity. The NSG has formulated guidelines for managing exports of these items to ensure that this trade does not contribute to nuclear weapons proliferation.

The NSG periodically reviews its guidelines and control lists to ensure that they reflect technological advances. Both the NSG and its sister body the Zangger Committee (the Nuclear Non-Proliferation Treaty (NPT) based export control group), have virtually identical memberships.

Nuclear specific goods and dual-use technology with nuclear applications are controlled by Regulation 13E and export control of these goods is administered by STPO in Defence.

## **Missile Technology Control Regime (MTCR)**

The Missile Technology Control Regime (MTCR) was established in 1987 by the seven major Western suppliers of missile technology (United States, Japan, United Kingdom, Federal Republic of Germany, Italy, France and Canada). Its aim was to limit nuclear weapons proliferation by controlling the transfer of missile or unmanned

air vehicle systems which could deliver a 500 kg warhead to a distance of 300 km, as well as equipment and technology able to contribute to the development or production of such missiles. This was intended to restrict the transfer of missiles capable of delivering a nuclear warhead.

In 1992, following the Gulf War, the MTCR was broadened to cover missile systems capable of carrying smaller chemical and biological payloads. The parameters were then extended to cover the transfer of equipment capable of delivering a payload with zero mass to a range of at least 300 km.

In line with its strong non-proliferation stance, Australia became a member of the MTCR in July 1990. From 1 August 1990, exports of Australian missile-related goods and technology have been prohibited to those end-users having missile programs or aspirations contrary to agreed non-proliferation guidelines. The Australian MTCR export controls complement other non-proliferation controls regulating the export of military, nuclear, chemical and biological goods.

Controls under MTCR are not intended to hinder co-operation in civil space projects. Equipment and technology relevant to the MTCR is controlled under Regulation 13E administered by STPO in Defence.

### **Australia Group (AG)**

The Australia Group (AG) first met in 1985 with the aim of harmonising export control measures on chemical weapons (CW) precursor chemicals. Its scope was subsequently extended to include controls on chemical production equipment and technologies which might be misused for CW purposes and also to include measures to prevent the proliferation of biological weapons. The lists of materials controlled by AG-participating countries are reviewed regularly to minimise the risk of relevant dual-use materials being diverted to chemical or biological weapons programs.

### **Wassenaar Arrangement**

The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (Wassenaar Arrangement) was established in order to contribute to regional and international security and stability, by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilising accumulations. Participating States seek, through their national policies, to ensure that transfers of these items do not contribute to the development or enhancement of military capabilities which undermine the goals of the organisation and are not diverted to support such capabilities.

The Wassenaar Arrangement complements and reinforces, without duplication, the non-proliferation regimes for weapons of mass destruction and their delivery systems, as well as other internationally recognised measures designed to promote transparency and greater responsibility, by focussing on the threats to international and regional peace and security which may arise from transfers of armaments and sensitive dual-use goods and technologies where the risks are judged greatest.



The Wassenaar Arrangement was developed as the new export control regime to replace COCOM, the Co-ordinating Committee for Multilateral Strategic Export Controls, which controlled the export of sensitive goods and technologies to Warsaw Pact countries. Founding Participants of the Wassenaar Arrangement are the Members and co-operating countries of the former COCOM, the Russian Federation, Hungary, Poland, Slovakia, the Czech Republic, Romania, South Korea, Ukraine, Bulgaria and Argentina - 33 countries in all.

Under the Arrangement, countries control conventional arms and dual-use goods and technologies, on a national discretion basis, based on agreed lists. Australia implemented the Wassenaar Arrangement's control lists under Regulation 13E on 12 December 1996.

Australian membership of COCOM facilitated access to overseas technology for high technology industries which made them more competitive in global markets. Similar benefits are likely to flow from membership of the Wassenaar Arrangement.

### **Weapons of Mass Destruction (Prevention of Proliferation) Act 1995**

Australia enacted the Weapons of Mass Destruction (Prevention of Proliferation) Act 1995 to prevent assistance to a weapons of mass destruction program through the transfer of goods or services. This Act aims to prevent the provision of goods or services, not otherwise controlled, to weapons of mass destruction (WMD) programs. (Weapons of mass destruction are defined as chemical, biological or nuclear weapons and their attendant missile delivery systems.) The Act applies to any person or company in Australia or an External Territory. It also applies to Australian citizens, as well as people ordinarily resident, or companies incorporated in, Australia or an External Territory, operating outside those boundaries.

Penalties for non-compliance with the Act include imprisonment for up to eight years and/or a fine for an individual. For a corporation, a fine of up to five times the amount that an individual can be fined. The Act also provides for injunctions to prevent the conduct from occurring, or forfeiture of goods if an attempt is made to supply them, or export them in support of a WMD program.

## **TREATIES AND OTHER INTERNATIONAL AGREEMENTS TO WHICH AUSTRALIA IS A PARTY**

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

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) was opened for signature in 1968 and entered into force in 1970, establishing an international framework for preventing the spread of nuclear weapons. In October 1997 its membership was 186. Australia ratified the NPT in 1973, and the Treaty has become a key element of Australia's nuclear non-proliferation and nuclear co-operation 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, (Russia has since succeeded to these obligations) the United Kingdom, France and China. All other states parties are required to conclude safeguards agreements with the International Atomic Energy Agency to verify the peaceful nature of their nuclear programs;
- facilitate peaceful nuclear co-operation between Treaty members; and
- work towards nuclear disarmament.

The NPT was extended indefinitely at an historic conference of parties in 1995.

### **UN Register of Conventional Arms Transfers**

Established in 1991 by resolution of the UN General Assembly, the UN Arms Register 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, to contribute to confidence building in our relations with states in our region, and to signal our willingness to enter into dialogue with other states about this aspect of our security policy.

### **Chemical Weapons Convention (CWC)**

The "Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction" bans parties from making and holding chemical weapons and also requires them to destroy such weapons and production facilities. It also establishes a system of monitoring and verification for activities with certain toxic and precursor chemicals, many of which have legitimate uses. 165 countries have signed and, of these, 102 have ratified the CWC.

In anticipation of its entry into force, Australia implemented, at the end of 1996, controls through Regulation 13E on the export of toxic chemicals and precursor materials covered under the CWC. Some of the chemicals involved were, however, previously controlled under the former Regulations 13B and 13D. The Convention entered into force on 29 April 1997.

## **Biological Weapons Convention (BWC)**

140 countries, including Australia, are parties to the “Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and their Destruction.” The Convention requires signatory states not to make or hold microbial or biological agents or toxins, except for peaceful purposes, e.g. medical research.

The BWC currently has no formal verification provisions. However, States Parties have agreed a series of confidence building measures as an initial step in this direction and negotiations are currently underway in the BWC Ad Hoc Group to develop verification machinery to redress this weakness.

## **ENFORCEMENT**

STPO works closely with other Government departments, including intelligence agencies, to monitor cases where violations of export controls are suspected. Tip-offs from the exporting industry are encouraged (phone 0419 278 467 (24 hours)) and also assist in this process. Where potential offences by Australian traders are identified, the information is passed to Customs for appropriate action.

The implementation of Australia’s “catch-all legislation”, the Weapons of Mass Destruction (Prevention of Proliferation) Act 1995, commonly referred to as the WMD Act, is taking an increasing level of STPO’s resources to investigate. In two such cases, it was concluded that the potential export would probably have contributed to a WMD program and the company agreed not to proceed. A number of exporters now seek advice from STPO on potential end-use of their products and/or services, as services too are covered by the Act.

STPO values highly the willingness of many exporters to co-operate in ensuring that goods and services with WMD applications are not provided to undesirable end users.

## **APPROVALS, PERMITS AND LICENCES FOR DEFENCE AND STRATEGIC EXPORTS**

Exporters should seek approval from the STPO 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 omnibus form, number AC717.

Defence also offers a service whereby exporters can seek an opinion, called an approval-in-principle, as to whether a particular export of defence and related goods is likely to be approved. An approval-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.

If Australian citizens, permanent residents or bodies incorporated in Australia or an external territory provide services or goods, where it is suspected that the services or goods may assist a weapons of mass destruction program, they should seek advice from the Department of Defence as to whether they require a permit to support such activities.

There is no special form required to apply for a permit. The WMD regulations merely require that the request be in writing giving details of the applicants name and address; a description of the goods or services to be supplied or exported; the name and address of the recipient of the goods and services; and the reasons why the person believes that the supply of the goods or services would not be contrary to Australia's international or treaty obligations or the national interest.

## **Service Targets**

On receipt of a licence application, with complete supporting documentation and full specification of the goods concerned, it is the aim of STPO to complete consideration of the application within ten working days, when it does not need to be circulated to other Government departments for advice.

Where consultation with outside agencies is necessary, i.e. in about 8% 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 working days, the processes being similar for both. The lead time naturally increases with the degree of technology complexity and destination sensitivity.

Tables 13 and 14 demonstrate actual STPO's (and consulting agencies') performance. Although there has been a steady decrease in processing time over the past three to four years through process improvement, dual-use processing times have risen over the past year due to an increase in the proportion of sensitive cases which require further consultation. Many unnecessary delays, however, remain as the result of proper documentation not being provided in the first instance.

## **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 sales.

A full list of permits and licences available under Regulation 13E can be found in the Defence document 'Australian Controls on the Export of Defence and Strategic Goods', dated November 1996. This document also includes the 'Defence and Strategic Goods List' which is the definitive list of goods controlled under Regulation 13E.

Copies of this document may be obtained from the Strategic Trade Policy and Operations section of the Department of Defence. Contact details for STPO can be found on the inside front cover of this report. An electronic version of this document can also be found on the Internet at:

**<http://iic.spirit.net.au/imat/publications/excontrl/excohome.htm>**

or through the e-mail address on the inside front cover.

## STATISTICS

The statistics in this report were prepared by the Strategic Trade Policy and Operations Section, Industry and Procurement Infrastructure Division of 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) recorded are based on Australian Customs Service data provided to the Department of Defence and cover the period 1 July 1994 to 30 June 1997.
- 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. These have been included for the first time in this report and the statistics for 1994/95 and 1995/96 have been adjusted to account for this. Inclusion of postals has resulted in the export values for 1994/95 being increased by \$87,592 (30 shipments) for defence and related goods and by \$264,095 (12 shipments) for dual-use goods and the export values for 1995/96 being increased by \$113,031 (24 shipments) for defence and related goods and by \$146,265 (3 shipments) for dual-use goods.
- The value of shipments is given in then year Australian dollars and represent 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 STPO section of the Department of Defence. The Table below lists strategic goods types, the regulation they were controlled under, and which department administered the controls for the periods pre-12 December 1996 and 12 December onwards.

<b>Goods Category</b>	<b>Pre 12 December 1996</b>	<b>Dept.</b>	<b>12 December 1996 on</b>	<b>Dept</b>
Defence and Related	Reg 13B, Schedule 13	DoD	Reg 13E, DSGL, Part 1, Nov.96	DoD
Dual-Use	Reg 13E, SGL, Nov.94	DoD	Reg 13E, DSGL, Part 3, Nov.96	DoD
Nuclear Industry	Reg 11, Schedule 9	DPIE	Reg 13E, DSGL, Part 2, Nov.96	DoD
Uranium & Fissionable Materials	Reg 11, Schedule 9	DPIE	Reg 11, Schedule 9, amended Dec.96	DPIE
AG Chemicals	Reg 13D, Schedule 15	DFAT	Reg 13E, DSGL, Part 3, Nov.96	DoD
AG Biological Toxins	Reg 13F 13G, Schedule 16	DFAT	Reg 13E, DSGL, Part 3, Nov.96	DoD
CWC Chemicals	Part Regs 13B 13D, Schedules 13, 15	DoD, DFAT	Reg 13E, DSGL, Parts 1 & 3, Nov.96	DoD

In previous reports, statistics on Schedule 13 (defence and related) goods were divided into 3 categories:

- Cat.1. Significant military goods;
- Cat.2. Other military goods; and
- Cat.3. Non-military lethal goods.

The DSGL of November 1996, Part 1, however, only categorises defence and related goods into two main types:

- 1. Military goods; and
- 2. Non-military lethal goods.

For consistency, values for 1994/95 and 1995/96 that were previously published in Tables 1 and 7 of the last Annual Report (issued March 1997) have had their categories 1 and 2 combined in this issue to the first type 'military' designated M in Table 1. The former category 3 goods will now be designated as 'non-military' (NM) in Table 1. Note that Table 7 in previous publications has not been continued this year although the charts that were attached have now been included with Table 1.

Dual-Use values are not affected in this way as they were never sub-categorised in the way defence and related goods were.

- Dual-use goods included in this report have changed over the reporting period. The present Defence and Strategic Goods List was introduced in December 1996. Prior to that, the Strategic Goods List (SGL), contained in the document "Australian Controls on the Export of Technology with Civil and Military Applications", was the legal control list under Regulation 13E. Over the reporting periods, editions of the SGL dated September 1992 and November 1994 were extant.

The major commodities affected by the changes in the dual-use lists over these years were digital computers and related equipment. At the start of the reporting period (July 1994) the control threshold was 12.5 million theoretical operations per second (MTOPS) - equivalent to a personal computer with an Intel 80486 microprocessor running at 33 MHz. In November 1994, in line with advances in microchips and foreign availability of fast computers, the control threshold was raised to 260 MTOPS, faster than any computer assembled in Australia at the time. The last amendment to the computer control list in December 1996 saw the threshold level jump to 710 MTOPS. Over the same period other computer peripherals such as printers, disk drives and tape drives have been decontrolled.

- The values of exports of defence and related goods include only “genuine” exports. They do not include values for Returns to Manufacturers<sup>1</sup>, Returns to Owners<sup>2</sup> or Temporary Exports<sup>3</sup>. A summary of these is in Table 7.
- Observers of these statistics should be careful not to draw incorrect conclusions from the data. Controlled non-military lethal goods for most of the reporting period included concrete construction fastener guns, movie prop guns that fire blanks, cattle killing guns, signal flares etc. Some of these items are no longer controlled.
- Apart from the addition of postal exports in this years statistics, revised data received by STPO has resulted in two extra shipments of dual-use goods to the Netherlands, valued at \$105,096, being included in the 1995/96 figures.
- On worktimes, all applications are included in a particular financial year based on the date signed out on the STPO database and that are marked “completed” on the database. Worktimes are based on calendar days and include weekends (which tends to overstate the figures).

In Table 13, Average (non-SIDCDE) and Average (SIDCDE) are the average times in calendar days taken for applications to be processed that have not, and have, respectively, been considered by SIDCDE. Currently about 8% of cases are referred to SIDCDE, the balance to varying degrees of inter-agency consultation depending on the complexity and/or sensitivity of each case.

- 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 Indonesia that is subject to an oil exploration agreement between the two countries.

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<sup>1</sup> *Returns to Manufacturers* includes goods re-exported to the manufacturer for warranty repairs or replacements.

<sup>2</sup> *Returns to Owners* includes goods imported into Australia for repair or overhaul and then re-exported to the owner of the goods.

<sup>3</sup> *Temporary Exports* can include goods taken overseas for demonstration or personal use, eventually returning to Australia.