

***2009 Annual Report
on the Czech Republic's Control of
Exports of Military Equipment, Small
Arms for Civilian Use and Dual-Use
Items and Technologies***

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Introduction

In recent years, the government of the Czech Republic has been committed to a focused effort to improve the transparency of its policies in the area of military equipment export controls as well as to continue the development of principles and mechanisms applicable to the implementation of such controls.

The publication of the “**2009 Annual Report on the Czech Republic’s Control of Exports of Military Equipment, Small Arms for Civilian Use¹ and Dual-Use Items and Technologies**” (hereinafter as “**Report**”) is one of the steps undertaken to enhance the transparency of the Czech Republic’s exporting of military equipment. A greater awareness of the issues associated with the regulation and control of the foreign trade in military equipment promotes a common level of understanding among government bodies, the professional community, the general public, the business sector and non-governmental organizations.

This Report builds on previously published information on the import, export and possession of small arms and light weaponry in the Czech Republic and it is in full conformity with the methodology used for the preparation of the consolidated annual reports published by the EU. This document is the 7th edition of this type of report. It has been prepared by the Ministry of Industry and Trade in collaboration with the Ministry of Foreign Affairs, the Ministry of Defense, the Ministry of the Interior, the General Customs Directorate and the State Office for Nuclear Safety.

The first part of this Report describes the system of controls used for the trade in military equipment carried out in the Czech Republic, including the roles and the positions of the various bodies that collaborate as part of the control process, as well as the collaboration that takes place with the general public. This part of the Report also describes changes to Act No. 38/1994 Coll. on foreign trade in military equipment, which came into effect as of October 1, 2009 as part of Act No. 220/2009 Coll., which amended the earlier legislation. The objective of these legislative changes was to respond to the new conditions that have existed since the Czech Republic joined the EU; and, the goal has been to further enhance the transparency of this foreign trade in military equipment and to concomitantly reduce the administrative burden on the private sector – all of which is to take place consonant with the government’s objectives with respect to national security as well as other interests.

The second part of the Report is devoted to the Czech Republic’s integration into the control standards that are being implemented at an EU level and the Czech Republic’s collaboration with other countries internationally. The main events that have taken place at an EU level in the area dealing with military equipment in 2009 have included the passing of Directive 2009/43/EC of the European Parliament and of the Council of May 6, 2009 simplifying terms and conditions of transfers of defense-related products within the Community. The implementation of this directive will require changes to existing national legislation, wherein the member states are required to pass any legislation required in order to ensure compliance with this directive by June 30, 2011; and, any such legislation must come into effect as of June 30, 2012. The transposition of this directive will therefore require further legislative changes. In terms of key developments in this area that have taken place on an international level in 2009, these have included the release of information on the current status of the drafting of the Arms Trade Treaty.

¹ “Small arms for civilian use” is a working term used to describe firearms that are exported pursuant to Act No. 228/2005 Coll.

The third part of the Report deals with the controlling of the trade in small arms intended for sports, leisure, hunting and self-defense-related purposes.

The fourth part of the Report contains information on the control of exports involving dual-use items and technologies and the Czech Republic's participation in international organizations and control regimes, which facilitate the exchanging of information on various aspects of the international trade in controlled goods. The key event related to this particular area was the passing of the new Council Regulation (EC) No. 428/2009 of May 5, 2009, setting up a Community regime for the control of exports and the transfer, brokering and transit of dual-use items. The regulation was finalized in the first half of 2009 during the Czech Presidency of the EU after more than two years of negotiations.

As usual, the last part of the Report contains an up-to-date overview of international arms embargos, the effectuation and updating of which the Czech Republic has been actively involved in as part of its membership in the respective international organizations.

This document is accompanied by a series of annexed reports and tables containing figures and data on licenses issued for the purchase (import) and sale (export) of goods with a breakdown by volume and end-user country and an end-user percentage breakdown.

1. Controlling the Export of Military Equipment

The regulation of the foreign trade in military equipment falls within the competency of the Ministry of Industry and Trade (**MPO**), which also oversees administrative proceedings that take place in relation to this foreign trade in military equipment – most notably, with respect to the issuance of the permits to conduct this foreign trade in military equipment and the issuance of licenses for specific business transactions.

As of the end of 2009, there were 161 businesses in possession of a permit to conduct this foreign trade in military equipment.

A total of 1,002 licenses to export military equipment were issued in 2009, with a total value of CZK 10,318.8 million (€ 390.2 million). This represents a 4% increase over 2008 in terms of the number of licenses issued. The actual utilization of these licenses produced a trading volume of CZK 4,630.5 million (€ 175.1 million), which represents a decrease of CZK 382.5 million (- € 14.5 million) from 2008.

517 export licenses were issued for exports to other EU countries, which had a total value of CZK 4,112.2 million (€ 155.5 million). The actual utilization of these licenses was CZK 1,872.3 million (€ 70.8 million). The largest number of licenses was issued for exports to Slovakia (152). In terms of the total value of the exported equipment, exports to Slovakia also topped the list CZK 571.2 million (€ 21.6 million).

In terms of exports to non-EU countries, the greatest number of licenses was issued for exports to the US (111). India topped the list in terms of the value of the exports (a total of CZK 452.2 million (€ 17.1 million)).

A total of 11 licenses for exports associated with subsequent imports – brokering – with a total value of CZK 21.2 million (€ 0.8 million) were issued in the last quarter of 2009 (i.e. after the new amendment to Act No. 38/1994 Coll., introducing this type of license, came into effect).

In terms of administrative fees collected in 2009 (in accordance with Act No. 634/2004 Coll. on administrative fees), a total of CZK 920,000 was collected from the issuance of permits to conduct foreign trade in military equipment (a fee of CZK 20,000 per permit) and CZK 927,000 was collected from the issuance of the export licenses for military equipment (a fee of CZK 1,000 per license; licenses for the export and import of military equipment for exhibition purposes, demonstrations, the meeting of defective product claims and for the export and import of samples provided at no cost are exempt from this fee). These collected administrative fees represent income to the national budget.

See the annexes to this report for additional details.

1.1. The Control of Foreign Trade in Military Equipment – Objectives

Every developed, democratic country that manufactures and exports military equipment is also responsible for making sure that these materials are not used for any illegal purposes and that they never reach the wrong hands (terrorists, illegal militias, illegal arms dealers, organized crime, etc.). The respective country is also responsible for the prevention of any exports that might contribute to an escalation of international or national conflicts, exports which might be used for the suppression of human rights or exports which might go against the security interests of the country's friends and allies.

It is the long-term objective of the Czech government to develop a transparent, credible and widely-respected regulatory system for its foreign trade in military equipment and to coordinate the individual interests of the diverse parties involved in this process.

1.2. Framework and Key Elements of the System of Controls Used in Foreign Trade in Military Equipment in the Czech Republic – Competencies of the Ministry of Industry and Trade

1.2.1. Two-Level System of Controls

The basic framework for the system of controls in the area of foreign trade in military equipment is set out in Act No. 38/1994 Coll. (as last amended), which regulates the conditions for the exercise of the government's licensing and oversight responsibilities in an area where the related business activities might compromise the economic, foreign-policy-related and national security-related-interests of the Czech Republic. The basic framework for this system of controls is also dealt with in Decree No. 332/2009 Coll. This legislation establishes the procedures that are applicable to the issuance of trading permits, the criteria for the issuance and use of trade licenses and the general controls applicable to the area of trading in military equipment – including the imposition of sanctions for violations of the law. The Ministry of Industry and Trade is the body responsible under the law for the administration and implementation of the related licensing regime.

The system of controls over the foreign trade in military equipment in the Czech Republic takes place at two levels:

- 1) A business entity may only market its products and services, enter into negotiations with foreign partners, etc. after obtaining the necessary **permit to conduct foreign trade in military equipment**.
- 2) A **license** must also be applied for in order to engage in specific trading transactions.

Re: 1)

The holder of such a license may only be a legal entity with a registered address in the Czech Republic. The permit lists the individual types of military equipment in which the given legal entity is permitted to conduct its trading activities, as well as a list of countries with which such trading activities can be carried out. The permits are issued by the “Licensing Section” of the Ministry of Industry and Trade (**MPO Licensing Section**) and approvals from the Ministry of Foreign Affairs, the Ministry of the Interior and the Ministry of Defense are also required. The permits are issued for a limited period of time (a maximum of 5 years).

Re: 2)

To engage in a specific trading transaction, the given legal entity (i.e. the holder of a permit) must apply for a license. The validity of each license is time-constrained and the scope and terms and conditions of the given transaction are specified in the license. Decisions concerning the issuance of licenses (or their denial) are made in administrative proceedings conducted by the MPO Licensing Section. The decision on the issuance of a license is made after the other, above-listed ministries have provided their binding opinion. A decision not to grant a license is made if the applicant has failed to meet the applicable legal criteria or for reasons related to the Czech Republic’s foreign policy, business or national-security-related interests (Council Common Position 2008/944/CFSP and the joint denial database of the EU member states are also taken into consideration).²

1.2.2. Amendment to Act No. 38/1994 Coll.

Act No. 220/2009 Coll., which amends Act No. 38/1994 Coll., has been drafted during 2008 and 2009 after a series of consultations with the government administrative sector (more specifically, the Ministry of Foreign Affairs, the Ministry of the Interior, the Ministry of Defense, the Security Information Service, the Office for Foreign Relations and Information and the General Customs Directorate) and the business sector. On the same date on which this act came into effect (October 1, 2009), a related implementing regulation also came into effect (Ministry of Industry and Trade Decree No. 332/2009 Coll. implementing certain provisions of Act No. 38/1994 Coll.).

The latest changes to the legislation governing foreign trade in military equipment reflect the government’s objective of enhancing the transparency of the process, while reducing the administrative burden being put on businesses. At the same time, the government will respect all security-related and other national interests:

1. The new legislation establishes a transparent system to facilitate the cooperation between the variously involved bodies and authorities, as part of the necessary regulation of trade in military equipment. It does so, while also meeting the applicable security criteria. In the new amendment, the meeting of these requirements is supported by the newly set up system for cooperation between the various governmental bodies and authorities along with modifications that have been made to the competencies of the regulatory bodies responsible for this area.

² In the course of doing the planning for a major order for the export of military equipment, the exporting entity may also apply for a “preliminary approval”. However, such an approval is indicative only and it does not assure the outcome of a final decision on the granting of an export license.

2. The new legislation more precisely delineates the competencies of the individual bodies and institutions involved in the process of reviewing the applications for permits and licenses to conduct trade in military equipment.
3. The new legislation reflects the changes that took place in this area of trade since the passing of the original act in 1994; and, it responds to the fact that the Czech Republic is now a member of the EU and it is up-to-date with the current practices in this area. By delineating the different equipment categories that are included on the list of military equipment, the new legislation parallels the common list that is being used across the EU.
4. The new legislation provide a more precise definition of the term “trade in military equipment” for the purposes of this act with respect to the categories of export, import and trade brokerage.
5. Under the new legislation, “anti-personnel mine” type weapons have been put on the list of prohibited goods with respect to foreign trade in military equipment.
6. The new legislation provides a more precise definition of military equipment for the purposes of this act in response to general technical advancements and the areas in which the given goods are being used.

The aim of reducing the administrative burden on the private sector by at least 20% has been incorporated into the new legislation through the following specific changes:

1. The **introduction of a new type of import and export license for transactions in which the contracting parties on both sides of the transaction and the end-users of the given item are from an EU member state.** With this newly introduced “euro-license”, which is available for certain types of military equipment, the businesses engaging in the given type of trading transactions are no longer required to apply for a license for every single transaction, as was previously the case. This reduces the number of license applications and simplifies the process of transferring military equipment within the EU.
2. The ability to more easily initiate business activities involving foreign trade in military equipment due to the **reduced number of documents that are required in submitting an application for a trading permit.** It is no longer required to include supplements such as an abstract from the registry of criminal records and the applicant’s financial statements. The elimination of the required inclusion of these documents from the application process is part of the effort to not request information that the government already has access to or which it can obtain on its own. **The amount of information, which must be provided in relation to the use of licenses, has also been reduced;** and, this type of information is no longer being provided on a quarterly basis, but rather just twice-a-year.
3. Additional steps have been taken to make it easier for businesses to participate in this sector: legal entities and natural persons from an EU member state are no longer be subject to restrictions related to the structure of their registered capital nor is there a requirement to have Czech citizenship or to be a Czech resident. Under the new rules, such EU entities and individuals are treated in a manner equal to that of legal entities and natural persons registered in or residing in the Czech Republic.

On June 22, 2009, the Defense and Security Committee of the Chamber of Deputies of the Czech Parliament held a roundtable discussion forum on the topic “Trade in Military Equipment”. Officials from the MPO Licensing Section, the Ministry of the Interior, the Ministry of Foreign

Affairs, the Ministry of Defense, the Czech Defense and Security Industry Association and representatives of approximately 30 different companies attended the event. The roundtable discussion focused on three thematic areas: (i) License Administration, Licensing Process and Legislation; (ii) The Role of Government Administration in Trade in Military Equipment; and, (iii) Trade in Military Equipment within the EU. The results of the forum were published in the “CDIS Review” (3/2009) – thus permitting industry members and members of the professional community to have a chance to familiarize themselves, in advance, with the new procedures to be rolled out starting October 1, 2009 with the new amendment to Act No. 38/1994 Coll. on foreign trade in military equipment coming into effect.

In relation to these new legislative changes, the MPO Licensing Section organized a seminar for the holders of a permit to conduct foreign trade activities in military equipment on the implementation of the newly amended Act No. 38/1994 Coll. The seminar, which took place on November 23, 2009, was heavily attended by industry members and members of the business community. Officials from the Ministry of Foreign Affairs, Ministry of the Interior, Ministry of Defense and the General Customs Directorate all made presentations at the event. The purpose of the seminar was to provide a platform for discussions where government officials, regulatory bodies and institutions could exchange information with members of the private sector. Attendees had an opportunity to learn about the latest trends in foreign trade in military equipment and they were able to share experiences and ideas on more efficient ways for the private sector to collaborate with government authorities.

In looking over the last three months of the year in which the new legislative changes have been in effect, the anticipated increase in the transparency of the process and the reduction in the administrative burdens appear to have been successful. This has particularly been seen in the use of import licenses, which are tied into subsequent exports (brokering). Here the frequency with which license holders have to file a report on the utilization of their licenses has been reduced and less paperwork has to be supplied as part of a trading permit application.

1.2.3. “Electronic License Administration” Project

In order to increase the productivity of its administrative functions, the MPO has seen the necessity of expanding its use modern information processing systems.

One of the projects included in the implementation of the goals of the “Smart Administration” strategy to increase productivity (which was passed by the government in its Resolution No. 757, dated July 11, 2007) is the “Electronic License Administration” project. In 2009, a feasibility study was completed on the project; and, in 2010, an application was submitted to get funding for the project from EU Structural Funds. The funding will be part of the “Smart Administration” priority, which is part of an Integrated Operation Program (IOP). The project has been set out in stages, which shall continue through the end of 2013.

The objective of this project is to enhance the transparency of the administrative processes for all involved parties. This includes the ability to track the current status of what is going on at all stages of the process – i.e. to make transparent the administrative work going on at each step in the process as it is being carried out by the various respective collaborating central government bodies and authorities.

The new amendment to Act No. 38/1994 Coll. provides the legal framework for the conversion over to an electronic filing and processing system for license applications to trade in military equipment. The new legislation no longer requires applications to be submitted in writing. (Although written

applications are still required under the accompanying implementing regulation, this regulation will be revised once the government has the technical capability to switch over to electronic data processing in the given administrative area.)

1.3. Roles Played by Governmental Bodies and Other Parties

1.3.1. Ministry of Foreign Affairs

The role and the status of the Ministry of Foreign Affairs (**MZV**), with respect to overseeing military equipment exports are set out under the Act on Foreign Trade in Military Equipment – the amended version of which already explicitly states that the input provided by MZV during the course of this process is to be treated as a “binding opinion”. Under this act, the MZV is required to make sure that the licenses that have been granted and the subsequent exports of this category of goods are not in violation of any political interests of the Czech Republic – and, specifically, the commitments arising out of existing international treaties and out of the country’s membership in the respective international organizations.

With respect to arms exports, the country’s foreign-policy-related interests are multifaceted and include security-related, human-rights-related, humanitarian, etc. interests. The policies implemented in support of these interests are based on a comprehensive evaluation of any given situation by the various facets of the MZV. This includes consultations with the Ministry’s EU counterparts and partners and other international bodies. The primary overall objective is to make sure the given export activities take place in compliance with the existing international control regimes and the laws of the importing country. Another objective is to minimize the chances that the given export activity is being carried out in a manner other than as declared and guaranteed in the related documentation. These risks – which could potentially be associated with illegal activities and the further distribution of the exported items (whether intentionally or unintentionally) to users other than those listed in the documentation on the end-use of the exported item(s) – are also being thoroughly examined by other governmental authorities, which are involved in the licensing process.

Among the issues, which the MZV considers in the course of the evaluation process, which actually involves several of the ministry’s different departments, are the potential risks of the given equipment not being used for the declared purposes. With respect to this issue, the ministry examines other circumstances and the possible impact that the delivery of the given equipment might have on the existing conditions in the recipient country with respect to the protection of human rights and any possible deterioration in these protections, the impact on the internal security of the country and a disruption of the balance of power within the country and the overall geopolitical situation within the given region.

The eight criteria contained in the EU Council Common Position 2008/944/CFSP clearly outline the primary objectives of the Ministry in this particular area. The review of whether or not the above-noted criteria have been met and the review of the submitted documentation are processes which take place in close collaboration between the MZV’s Prague head office and the local embassies and consulates of the respective countries. In certain situations, this can be quite a time consuming process. This is particularly true in situations in which the Czech Republic has no embassy in the declared user’s country. In such cases, the MZV has to ask the MPO for its consent to extend the 20-day time window (in accordance with Act No. 38/1994 Coll.). The system of both formal and

informal consultations with other EU member states is also being used increasingly more often and being continuously improved.

Based on MZV information, the Ministry reviewed a total of 1,055 applications for a military equipment export license in 2009 – which represented a 1.6% decrease over 2008. Out of the above-noted applications, the MZV issued a negative decision in 20 cases or for roughly 1.9% of all applications submitted. Compared to 2008, there were 1.5% fewer rejected applications, which was partly due to the fact that Czech arms and ammunition manufacturers have become better informed about high-risk destinations and partly due to more frequent informal communications between MZV and the business sector. Through such informal consultations (personal meetings at the Ministry, as well as emails and phone conversations) and through the use of applications for a preliminary approval on the export military equipment, a number of questionable transactions have been cancelled before the actual filing of an export license application. Besides the improvement of its communications with export license applicants, the MZV has also intensified its efforts to implement effective post-licensing measures and controls; and, the number of cases in which the Ministry has given positive feedback on such post-licensing measures and controls has increased from 41 (2008) to 82 (2009).

In 2009, the MZV issued a negative decision with respect to specific applications for exports to various end-users located in the following countries: Bosnia and Herzegovina, Yemen, Moldavia, Pakistan, Sri Lanka and Uganda. The rejected applications involved the following items on the EU Common Military List (CML): CML 3 (7 cases), CML 4 (5 cases), CML 2 (5 cases), CML 1 (2 cases) and CML 6 (1 case). The MZV takes an especially restrictive viewpoint when reviewing applications for the export of surface target weaponry (e.g. rocket launchers and high explosive incendiary ammunition).

As part of its system of controls used for trade in small arms for civilian use, the MZV denied applications for exports to Armenia, Bosnia and Herzegovina, Iran, Kyrgyzstan, Moldavia, Nicaragua and Pakistan.

Similar to the practice it has used in past years, the MZV's list of rejected export transactions also included those, which involved the export of goods from the Czech Republic through a broker and transactions in which a company, registered in the Czech Republic, acted as an intermediary for the given transaction. In such brokered transactions, the MZV always examines the intended end-use of the given equipment and the authorization of the given brokerage firm to facilitate this type of transaction.³

As in the second half of 2008, in 2009, several EU member states, which included the Czech Republic, were criticized by Russia for supplying weapons to Georgia. The MZV has consistently disputed these allegations by stating that such export transactions were always thoroughly reviewed, in each individual case, to confirm compliance with national legislation and the, at that time, politically binding EU Code of Conduct on Arms Exports.

The Czech Republic was also among those member states that were criticized for exporting military equipment to Sri Lanka. The MZV has been consistently monitoring the conflict between the rightfully elected Sri Lankan government and the LTTE separatist movement, which is included on both the UN's list of terrorist organizations and the EU's similar list. From the start of 2008, after the Sri Lankan government ended its ceasefire agreement and the conflict gradually started to heat-up in the northern parts of the island, the MZV started reviewing all export license applications in a

³ At the level of the EU, brokered transactions are covered in EU Council Common Position 2003/468/SZBP.

highly restrictive fashion. This resulted in a growing number of rejected applications. Starting mid-2008, the MZV temporarily suspended the export of large caliber weapons and ammunition.

In its two-level system of controls for the exporting of military equipment, the Ministry is also required – in accordance with Czech legislation – to provide input on applications for a permit to conduct foreign trade in military equipment. The process generally functions on the premise that if the applicant meets statutorily required criteria for the issuance of the permit, there is normally no reason to deny the permit with respect to the foreign policy interests of the Czech Republic. In 2009, the Ministry didn't negatively respond to any permit applications on foreign policy related grounds.

The territorial aspects of the permit to conduct foreign trade in military equipment play an important role in an evaluation of the application for the issuance of such a permit. In 2009, the Ministry refused to issue an approval to grant a permit to conduct foreign trade in military equipment or restricted the territorial applicability of such a permit by excluding those countries that were the subject of an international arms embargo and countries whose policies were a threat to international or regional security or to the foreign policy interests of the Czech Republic or its allies.⁴ Unlike previous years, the MZV has partly reconsidered its policy not to grant export permits for exports to Armenia and Azerbaijan; and, at this time, the Ministry only grants approvals to permits related to the export of non-weaponized and non-lethal-type military equipment. The Ministry uses this same framework when reviewing individual license applications in order to remain in compliance with the 1992 OSCE embargo. Additionally, the Ministry approved a new permit for exports to Syria, which is restricted to the import of military equipment only; and, the Ministry is also willing to review (on a case-by-case basis) the permit for exports to Belarus, which is restricted to imports (specifically for the disassembly of ammunition).

1.3.2. Ministry of the Interior

The role and the status of the Ministry of the Interior (**MV**), with respect to the oversight of military equipment exports, are set out under Act No. 38/1994 Coll. Under this act, the MV is required to provide feedback to the MPO on all applications for a permit or a license to conduct foreign trade in military equipment with respect to the national security interests of the Czech Republic. Effective October 1, 2009 (the date on which Act No. 220/2009 Coll., which amends the act on foreign trade in military equipment, came into effect), the MV is to review all license applications with respect to their impact on public order and public safety and it issues a binding opinion on all such applications.

When issuing a binding opinion, the MV collaborates closely with the central intelligence services and the Czech police from whom the Ministry receives information relevant to the application under review. Subsequently, the Ministry analyzes this information and reviews its relevance; and, only then does it prepare a statement for the MPO. In order to make sure all applicants are treated equally, the MV has introduced an internal directive, which prescribes the procedures to be followed in producing a response or statement for specific applications and when providing information to the MPO. Whenever necessary, the information acquired is discussed and reviewed by the Ministry's staff with the entity that has provided the information – and, only then does the Ministry issue its binding opinion, which is properly substantiated (especially if the opinion is negative). All binding opinions are rendered by the Ministry immediately after it has received the

⁴ This issue is covered under International Arms Embargos (see a later section in this Report).

requisite information from the central intelligence services and the Czech police and within the statutorily required timeframe.

1.3.3. Ministry of Defense

The authority of the Ministry of Defense (**MO**) with respect to the conduct of foreign trade in military equipment is established under Act No. 38/1994 Coll. As part of its role in the two-level national control mechanism, the MO reviews (as part of the first level of the control system) applications for the issuance of the **permit to conduct foreign trade in military equipment** with respect to **national defense**; and, the Ministry issues a binding opinion on such applications. In 2009, the Ministry received a total of 59 such applications; and, in all cases, it issued a favorable opinion.

As part of the second level of the national control system, the MO issues a binding opinion on the granting of a license to conduct any foreign trade in military equipment, as applied for by the holder of an existing trading permit for this type of goods. The Ministry reviews such license applications in terms of their conformity with national-defense-related interests and it issues binding opinions **on individual business transactions involving strategic military equipment**.

The ability of the Czech Republic to defend itself is the result of the country's defense policy and it represents one of the principal tools for promoting the country's security interests. The primary objectives of this defense policy are to protect the country's territorial cohesion and to protect its citizens and property from external threats. It is of paramount interest to the Czech Republic to defend its territory in accordance with Article 51 of the Charter of the United Nations by using both domestic forces and resources and by working in partnership with the country's NATO allies. In reviewing applications for the export or import of strategic military equipment and in issuing its binding opinion on such applications, the Ministry of Defense takes into consideration the potential international impact of the given trading transaction – provided such an impact can be anticipated. In 2009, the Ministry received a total of 116 applications, filed by 23 entities, for review. 53 of these applications involved the importing of strategic military equipment, 62 of these applications involved the exporting of strategic military equipment and 1 application involved temporary, repeated export and import transactions.

Beginning in October 2009, there was a change to the existing administrative process as a result of the coming into effect of Act No. 220/2009 Coll., which amends the act on foreign trade in military equipment. Under the new system, the party that requests a binding opinion on a license application from the Ministry of Defense is the MPO Licensing Section (i.e. the requests are submitted directly by the Licensing Section). The Ministry of Defense was involved in both the drafting of the new amendment to Act No. 38/1994 Coll. (which gets the Czech national legislation governing foreign trade in military equipment closer to the practices used in other EU member states), as well as in the drafting of Decree No. 332/3009 Coll. implementing certain provisions of Act No. 38/1994 Coll.

The Ministry's internal procedures related to the issuance of binding opinions on activities related to the foreign trade in military equipment are covered in an internal directive of the Ministry. As part of these procedures, various competent departments of the MO provide their own individual input. Besides taking into consideration issues related to national defense, the responses coming from these internal departments take into account the international commitments associated with the Czech Republic's membership in NATO, the EU, the UN and the OSCE and the criteria that are outlined in the EU Council Common Position 2008/944/CFSP, which defines common rules governing the control of exports of military technology and equipment.

In 2009, the Ministry provided its opinion on the import or export of the following types of strategic military equipment:

- Tanks and armored vehicles, military vehicles, aviation equipment, combat equipment, large caliber weaponry and ammunition, rocket technologies, cryptographic equipment, small firearms and ammunition for small firearms.

It did so for the following countries (the number of applications is in parentheses):

- Bulgaria (9), Philippines (1), Italy (2), Yemen (1), Lithuania (1), Latvia (1), Hungary (13), Germany (27), Norway (8), Pakistan (1), Peru (1), Poland (11), Austria (3), Slovakia (15), Slovenia (1), Sri Lanka (2), Spain (2), Sweden (1), Uganda (1), Ukraine (4), USA (9) and Great Britain (4).

1.3.4. Ministry of Finance – General Customs Directorate

The customs authorities are responsible for making sure that all trading activities involving military equipment are carried out only by legal entities that possess a proper permit, issued in accordance with Act No. 38/1994 Coll., and for making sure that the respective transactions are in compliance with the terms and conditions set out in the given license. In addition, the Czech Customs Administration also monitors the export of dual-use items, in accordance with Act No. 594/2004 Coll. implementing the regime of the European Communities for the control of exports of dual-use items and technologies. In 2009, there were a total of 621 export transactions involving dual-use items for which permits were issued by the MPO Licensing Section.

To facilitate proper oversight with respect to this type of trade, the MPO provides the General Customs Directorate (**GRC**) with the requisite basic information about the licenses that issued for trade in arms, military equipment and dual-use items. In return, the GRC supplies the MPO with data produced in the course of the activities carried out by the customs authorities in relation to the utilization of the trading licenses that have been issued.

1.3.5. State Office for Nuclear Safety

As a body of the central government, the State Office for Nuclear Safety (**SUJB**) is responsible for handling the tasks related to the Nuclear Non-Proliferation Treaty (**NPT**), the Chemical Weapons Convention (**CWC**) and the Biological and Toxin Weapons Convention (**BTWC**). As the executive and oversight body for items of a nuclear, chemical or biological nature, the SUJB is responsible – as part of its competencies and in accordance with the applicable domestic legislation (Act No. 18/1997 Coll. on the peaceful utilization of nuclear energy and ionizing radiation (the Atomic Act) and on amendments and alterations to certain acts, as amended; Act No. 19/1997 Coll. on some measures concerning chemical weapons prohibitions, as amended; and, Act No. 281/2002 Coll. on some measures related to the prohibition of bacteriological (biological) and toxin weapons and on amendments to the Trades Licensing Act) – for government monitoring of chemical, biological and radioactive agents and nuclear materials and the monitoring of compliance with the requirements that exist with respect to the handling of such materials.

In terms of the items, the monitoring of which fall with the competency of the SUJB, only Schedule 1 chemical substances (per the Chemical Weapons Convention – i.e. highly hazardous substances

under the definition of Act No. 19/1997 Coll.) fall under the military equipment category. In 2009, the Czech Republic didn't export any chemical substances that would fall within this category.

In 2009, as part of its role as the body overseeing the export of nuclear materials, the SUJB issued a total of 92 decisions and 3 rulings in relation to the approval of the export of nuclear materials and selected goods and dual-use items of a nuclear nature (in accordance with Section 9, Subsection 1(k) of Act No. 18/1997 Coll.). Of the total number of issued decisions, 12 permits were related to the export of nuclear materials, 7 were related to the export of selected goods of a nuclear nature and 64 were related to the export of dual-use items of a nuclear nature. The office also issued 4 decisions related to applications for the export and subsequent re-importing of dual-use items of a nuclear nature and 5 decisions related to the export and subsequent re-importing of nuclear materials. In 3 cases, the office granted a change to the terms and conditions of an existing approval. In one case, the given administrative proceedings were suspended (through a ruling issued by the office) due to the fact that the applicant had withdrawn its application; and, there were also two other administrative proceedings involving a permit to export selected goods of a nuclear nature that were suspended (also through a ruling issued by the office) pending the receipt of a government guarantee from the recipient country. Under the provisions of Act No. 594/2004 Coll., the MPO can only issue a permit to export nuclear materials and/or items with the approval of the SUJB.

In 2009, with respect to oversight of chemical exports, which are subject to monitoring under the Chemical Weapons Convention, the only exports from the Czech Republic were to other EU countries and the exported items were classified as Schedule 2 and Schedule 3 substances: triethanolamine (Slovakia and Bulgaria with smaller amounts to Estonia, Hungary, Italy, Lithuania and Romania), phosgene (Germany) and the Pekoflam fabric fire retardant (contains 25% of two substances listed on Schedule 2B4) (Poland). The monitoring of exports that include substances subject to restrictions under the Chemical Weapons Convention within the EU is also required because the related information must be reported to the Technical Secretariat of the Organization for the Prohibition of Chemical Weapons.

In 2009, no biological agents and/or toxins were exported from the Czech Republic.

1.4. Cooperation between Regulatory Bodies and the Public in the Monitoring of Exports

One of the objectives of the government's effort to operate a transparent system of export controls is to keep the Czech public (and, in particular, the media and employees of non-governmental organizations, as well as the parties representing the manufacturers and dealers in military equipment) informed and up-to-date on the control principles and procedures that are being used as part of the gradual process of harmonization of the national system with the standards being used in developed EU countries. For the above purposes, the government has been publishing these annual reports, which are available to the public, in both Czech and English versions on the MPO website.

To enhance the transparency of the process for the issuance or rejection of licenses, the respective government ministries were in communication in 2009 with key non-profit organizations involved in the monitoring of the trade in military equipment and the oversight of this trade by the relevant Czech authorities. This was part of the government's efforts to achieve the greatest possible degree of transparency with respect to both the professional community, as well as the general public, and to avoid any gaps in communicating with the non-profit sector.

During the Czech EU Presidency, the MZV was actively involved in activities taking place at the EU level involving the monitoring of third country arms exports. During the Czech Presidency, two regional seminars were held – one in the Ukraine and one in Albania (for the countries in the Western Balkans) in close collaboration with the SIPRI⁵ peace research institute. The Czech Presidency also organized a regular informal gathering in Brussels between the representatives of the COARM group and representatives of the *Saferworld* non-governmental organization.

With respect to communicating with non-governmental organizations, the following events took place in 2009: in February, experts from *Amnesty International* met with government officials in the offices of the MZV; in June, the MZV conducted (in partnership with the MPO Licensing Section and upon the recommendation of the chairman of the CSSD political party and Amnesty International) an inspection of licenses that had been issued for the export of military equipment to Israel, in response to the Israeli army's Operation "Cast Lead", which took place in Gaza in early 2009. In the second half of 2009, the MZV communicated with *Saferworld* in relation to the legislative framework governing oversight of brokering activities in the Czech Republic. The Ministry also responded to an inquiry from the *Swedish Peace Arbitration Society* concerning the Czech Republic's policy toward Sri Lanka.

As part of their competencies, the MPO and MZV also make themselves available to permit holders who wish to consult with them on their future business plans.

2. Key Events in the Category of Conventional Arms in 2009 (EU and International)

2.1. European Union

As with other EU member states, the Czech Republic has long been an adherent to the key principles contained within the EU's Common Foreign and Security Policy (CFSP). In the export controls area, these principles include taking a responsible approach to the export of military equipment and the effort to mitigate or eliminate the possible risks associated with the uncontrolled proliferation of weapons. In 2009, the Czech Republic confirmed that it identifies itself with these principles by strongly reflecting the "Common Position of the EU"⁶ in the amendment to its Act No. 38/1994 Coll. and in Decree No. 332/2009 Coll. implementing certain provisions of Act No. 38/1994 Coll.

Thanks to the ongoing coordinated efforts of its experts⁷ and politicians, the EU, which is considered globally to be the most rigorous advocate of strict control measures on military exports, possesses a highly sophisticated system, which is used to evaluate each individual application for an export license.

⁵ More information about these seminars can be found in the chapter "Activities Seeking to Improve Control Mechanisms in Other Countries".

⁶ The "Common Position of the EU" is an instrument of the EU's Common Foreign and Security Policy, which is defined under Article 15 of the EU Treaty.

⁷ The meetings of the Council Working Group on Conventional Arms Exports (COARM) are attended by representatives of the authorities responsible for controlling the export of conventional weapons in the individual member states. The group normally meets six times a year.

2.1.1. EU Council Common Position 2008/944/CFSP

In 2008, the Council of Foreign Ministers of the EU Member States passed its Common Position 2008/944/CFSP, which defines common rules to govern the control of exports of military technology and equipment. The second article of the above-referenced document lists eight criteria to be used by the member states to review any trading transactions involving the export of arms. These eight criteria were passed in 1998 by the EU member states in the form of the politically binding EU Code of Conduct on Arms Exports.⁸ Additionally, several of the articles of Common Position 2008/944/CFSP contain revised operative provisions which are to be part of the above-referenced code of conduct.

The EU views the passing of these eight common criteria, which are to be used by its member states in the form of a legally binding common position, as part of decision-making processes in the course of export license application proceedings, as a signal to both its trading partners and its citizens, that the oversight of arms exports is one of Europe's top priorities.

Unlike the instruments that are part of the first of the three pillars of the European Union (the EU Treaty) the common position is not directly applicable within the legal systems of the EU member states and it doesn't fall within the jurisdiction of the European Court of Justice. At the same time, Article 15 of the EU Treaty affirms that "*member states shall ensure that their national policies conform to the common positions*". For this reason, in 2009 some member states – including the Czech Republic – have already reflected the principles of Common Position 2008/944/CFSP⁹ through the process of amending their national legislation.

In practical terms, the MZV did not notice any major changes to the existing arms export controls policy due to the fact that all export transactions had in past years already been subject to examination in accordance with the criteria set out in the EU Code of Conduct. Undoubtedly however, the fact that the former EU Code of Conduct on Arms Exports was upgraded to reflect the new common position of the EU; and, the fact that the principles and guidelines outlined in this common position have now been incorporated into the national legislative framework have led to both positive changes and greater transparency within the Czech Republic's regulatory system, as well as to its full integration into the EU's regulatory framework.

The key principles of the common position of the EU member states that have been defined as a series of eight criteria can be briefly summarized as follows:

1. International commitments of EU member states (sanctions imposed by the UN Security Council, the EU/EC and OSCE, non-proliferation agreements, etc.).
2. Respect for human rights in the country of final destination (newly, Common Position 2008/944/CFSP also mentions respect for international humanitarian law).
3. The internal situation in the country of final destination.
4. The preservation of regional peace, security and stability.

⁸ The commonly used Czech translation of the English title of this document ("Kodex chování EU při vývozu zbraní") does not reflect the exact title of the document because the "EU Code of Conduct on Arms Exports" covers more than just arms exports and includes all military equipment in general.

⁹ A number of member states (e.g. Germany) have already previously incorporated the criteria of the EU Code of Conduct into their national legislation.

5. The national security of the member states and of territories whose external relations are the responsibility of a member state, as well as that of friendly and allied countries.
6. The behavior of the buyer country with respect to the international community, in particular with respect to its attitude towards terrorism.
7. The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.
8. The compatibility of the arms exports with the technical and economic capacity of the recipient country.

The above-listed abbreviated version of the eight criteria, their full version and comments and recommendations for their interpretation, which are contained in the User's Guide, provide a relatively detailed description of the common position to be followed with respect to the export of conventional arms. Each license application submitted in the Czech Republic is also reviewed based on these eight criteria.¹⁰

Through the Council Working Group on Conventional Arms Exports (**COARM**), the EU member states have taken numerous steps to work towards a uniform interpretation of the eight criteria and to provide a greater degree of transparency with respect to export control processes. Based on the requirements established in the above-noted EU Code of Conduct and the twelve operative provisions that have been passed along with the code of conduct, the EU has begun to publish an annual report on the export of arms (8th provision) and the sharing of information on the interpretation of the individual criteria of the code of conduct and information on rejected license applications (3rd provision).

The 3rd operative provision has perhaps been the main reason for the volume of diplomatic correspondence between the members of the COARM group. The member states have been notifying all of their counterparts about any denials of an application for an export license for military equipment by using a prescribed notification protocol. Due to the potential for abuse of the information that is being exchanged as part of this process for commercial purposes, the information has a "classified" status.

The database of rejected license applications is updated by the Secretariat of the EU Council and the authorities in the individual EU member states who are responsible for reviewing license applications crosscheck each application against this database in order to make sure that another member state hasn't already flagged a similar transaction in the past as failing to meet the criteria applicable under the EU Code of Conduct. If it is discovered that the database contains information on a prior rejection of a "practically identical transaction"¹¹ by any other member state, the member state reviewing the current license application is required to consult with the member state that had previously rejected a similar transaction about the subject case. If the results of this checking confirm that the two transactions are "practically identical", the current license application is denied. Whenever a license is issued, despite the fact that the results of the investigation confirmed the prior rejection of a similar transaction, the member state issuing the license must notify the other members and provide a detailed explanation as backup for their particular decision.

¹⁰ In certain cases – e.g. with respect to Criteria 3 and 7 – it can become problematic to define the territorial applicability of the respective criterion. The MZV monitors the permeability of borders, as well as the delineation of problem areas in individual countries, while using the entire country as a logical unit to which the respective restrictions shall apply in a majority of cases.

¹¹ The term "practically identical transaction" normally refers to a transaction with the same end-user and a similar type of exported goods.

2.1.2. User's Guide to Common Position 2008/944/CFSP

The User's Guide to Common Position 2008/944/CFSP is an important document, which was drafted by the COARM council working group. Since its initial release in 2003, the document has undergone a series of regular updates. In the first half of 2009, during the Slovenian Presidency of the EU, the User's Guide was revised with the addition of a brief analysis of the technical capability of the end-user to work with the supplied equipment (pages 70-71 in the English version, the part discussing an interpretation of the fifth criterion).

The User's Guide provides more detailed rules for the communications between the member states. It refers to best licensing practices and it provides additional detailed explanations for Criterion 1 (*international commitments of EU member states.*), Criterion 2 (*respect for human rights in the country of final destination*), Criterion 3 (*the internal situation in the country of final destination as a function of the existence of tensions or armed conflicts*), Criterion 4 (*preservation of regional peace, security and stability*), Criterion 5 (*the national security of the member states and of territories whose external relations are the responsibility of a member state, as well as that of friendly and allied countries*), Criterion 6 (*the behavior of the buyer country with respect to the international community, in particular with respect to its attitude towards terrorism*), Criterion 7 (*the existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions*) and Criterion 8 (*the compatibility of the arms exports with the technical and economic capacity of the recipient country*) of Common Position 2008/944/CFSP). The User's Guide also provides guidance on the contributions of the member states to the annual EU report produced in accordance with Article 8 of Common Position 2008/944/CFSP.

For the members of the Czech professional community who will be using the Czech version of the 2009 Annual Report, the most interesting parts of the User's Guide will perhaps be the second and the third parts of the document, which discuss licensing procedures, and provide more details on the eight criteria.

In developing the User's Guide, the most difficult task has been to strike a balance between comprehensive, detailed definitions covering all aspects of each criterion, and the feasibility of applying them in practice. The views of the various member states differ. Some prefer a comprehensive description; others prefer a more concise one. The Czech Republic is not opposed to the use of lengthier and more complex descriptions, but understands that the ever-increasing list of aspects to be considered in each case may eventually pose difficulties.

2.1.3. Activities Seeking to Improve Control Mechanisms in Other Countries

Many EU member states, as well as other countries with well-developed export control systems, have been working to support the control mechanisms that are being used by other countries in varying ways. Such activities are either carried out bilaterally or through international organizations.

In 2008, the EU adopted "Council Joint Action 2008/230/CFSP – on support for EU activities in order to promote the control of arms exports and the principles and criteria of the EU Code of Conduct on Arms Exports among third countries". The primary objectives of this joint action are to promote the key principles of the EU Code of Conduct on Arms Exports / Common Position 2008/944/CFSP. This mainly involves the providing of assistance with the preparation of legislative tools for export controls, to assist with the training of personnel involved with the implementation

of national regulatory systems, to provide assistance with the preparation of national reports on the control of arms exports and to promote the project for the adoption of an international treaty establishing common standards for the global trade in conventional arms.¹²

On April 23, 24, 2009, the Czech Presidency of the EU held a seminar in Kiev for officials from Ukraine's regulatory bodies and authorities and representatives of major arms manufacturers. Also on June 4th and 5th, the Czech Presidency held a seminar in Tirana for the countries of the Western Balkans¹³. The joint action was concluded in October 2009 during the Swedish Presidency at a seminar held for the Eastern Partnership countries (Armenia, Azerbaijan, Georgia and Moldavia). Since Belarus refused to attend the seminar, the Swedish Presidency decided to hold an informal seminar in Minsk for Belarus officials. The MZV participated in the organizing of a seminar in Tbilisi and did so by sharing the latest knowledge from the previous seminars in Kiev and Tirana.

2.1.4. The Czech Republic's Position within the EU

The Czech Republic has been actively participating in the EU system of common standards for the control of foreign trade in conventional arms. In 2009, the Czech Republic adhered to the standard protocol and notified the other member states on rejected license applications (i.e. 'denials') in 10¹⁴ individual cases. Also, in 6 cases, the Czech Republic held formal consultations on export practices with other member states by enquiring about or responding to questions related to reported license application denials. Needless to say, many other – informal – consultations took place during the meetings of the COARM group, as well as through phone calls and email correspondence.

Despite the fact that it has become standard practice to share fairly detailed information on the respective licensing mechanisms and their application in practice between members of the COARM Group, differences continue to exist between the export policies of the individual member states, as well as their positions towards the EU's policies with respect to the different geographical regions of the world. Such differences grow out of an historical context and the existence of certain traditional practices, as well as from newly arising business opportunities and relationships.

In certain respects, the Czech Republic also differs from the other member states. As shown in the comparison of Czech exports to the exports of other countries that were included in the 11th annual report of the EU for the year 2008¹⁵, there are certain geographic regions (outside of the territories of the EU and NATO members), where the Czech Republic has the position of being a major EU exporter of military equipment in terms of total export volumes.¹⁶ However, this data should be judged in light of the specific situation and approaches of each member state. The data merely reflects the transactions taking place in the given year, and should not be treated as indicative of any trends in foreign trade in military equipment.

¹² Additional information can be found in later parts of this report.

¹³ For the purposes of this joint action, this included the following countries: Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia (FYROM) and Serbia.

¹⁴ The difference between the number of application denials referenced here and the number of negative decisions issued by the Ministry of Foreign Affairs (see the section of the report discussing the role of this ministry) is due to the fact that a 'denial' contains more generalized information.

¹⁵ European data on 2009 exports were unavailable at the time of the preparation of this report.

¹⁶ The European report on export controls does not include information on exports from non-EU countries that are not bound by the EU Code of Conduct.

In 2008, the countries where the Czech Republic accounted for more than half of all military equipment imported from the EU included: Cambodia, Haiti, Slovakia and Sri Lanka.¹⁷ In terms of exports to other EU member states, the Czech Republic was percentage-wise, the main exporter to Slovakia (73.4%). Exports from the Czech Republic represented 1.32% of all goods moved within the EU and the Czech share of the EU's total global exports was 2.24%.¹⁸

Further information on the equipment exported, with a breakdown based on the official EU list of equipment, can be found in the 11th annual report of the EU, which was published in the Official Journal of the EU (No. 2009/C 265/ 01) on November 9, 2009.

2.1.5. Directive of the European Parliament and of the Council on Simplifying Terms and Conditions for Transfers of Defense-Related Products within the Community

In the first half of 2009, the EU passed Directive 2009/43/EC of the European Parliament and of the Council of May 6, 2009 simplifying terms and conditions of transfers of defense-related products within the Community (hereinafter as “**directive**”). The EU Common Military List is used as the reference framework for this directive.

The EU marketplace for defense-related goods currently is made up of 27 national regimes, which are used to regulate not only the majority of defense contracts but also the transfer, transit and import of military equipment within the EU. The proposed simplification of the national regimes for the granting of licenses for the transfer of defense-related goods within the EU marketplace is a necessary step for the future growth of the market for these types of goods and the ability of the EU's defense industries to compete at a global level. The simplification of the transfer process for defense-related goods within the Community will have a positive impact on the security aspects of the equipment being supplied to EU member states and it will also reduce unnecessary administrative burdens by providing conditions that allow the regulators to focus their resources on the more significant types of transfers.

The directive, which only deals with trading activities within the EU marketplace and excludes the exporting of such goods to third countries, introduces the following **three types of licenses** for trading activities within the EU: “**general**”, “**global**” and “**individual**”. The new legislation also introduces a **system of certification**, which will help to determine the reliability of the recipient entity – in particular, with respect to its ability to adhere to the export restrictions on the given defense-related goods acquired under the given license. The implementation of this directive will require changes to be made to existing national legislation. This will include changes to existing procedures. The member states are required to pass any required legislation in time to ensure compliance with this directive by June 30, 2011; and, any such legislation must come into effect as of June 30, 2012.

¹⁷ The exported equipment included a small quantity of small arms and related ammunition (Cambodia – police forces and the UNAKRT Mission), spare parts for armored vehicles (Haiti – the Uruguayan contingent for the MINUSTAH Mission) and various types of equipment exported to Slovakia and Sri Lanka.

¹⁸ In 2008, the countries with a greater volume of approved or completed transactions than the Czech Republic included Austria, France, Italy, Germany, Spain, Sweden, Great Britain, Belgium and Holland. Finland, Bulgaria and Poland topped the Czech Republic in terms of the total value of licenses that were issued; however, the total value of the transactions that actually took place was less – except, in the case of Poland, the value of the actually completed transactions was unspecified. The Czech Republic is therefore the leading arms exporter among the EU member states that joined the EU after 2004.

The transposition of this directive will therefore require further legislative changes in the area of trade in military equipment, which, in the 2010 to 2011 period, will involve either the passing of another amendment to Act No. 38/1994 Coll. (which currently acts as the basic legislation for the Czech Republic's system of controls used to oversee foreign trade in military equipment) or, alternatively, the adoption of a completely new comprehensive regulatory solution. The relevant government authorities and representatives of the business sector have committed to actively participation in this process, which will be coordinated by the Ministry of Industry and Trade.

In response to the newly passed EU directive, the European Commission's Directorate-General for Enterprise and Industry called for the creation of a special EU committee to deal with transfers of defense-related products (hereinafter as "**committee**"). The committee was created in December 2009 and its mandate and authority is basically outlined and described in the articles of the newly passed directive. Based on the results of the meetings held by the committee, a special **certification working group** was put together. The Czech Republic is an active participant in the activities of this working group, working with the group to standardize procedures and to come up with common standards to be used for the broad implementation of the new directive. The results of the work of this newly set up working group are to be officially released (after having been approved by the committee in the 2nd half of 2010); and, the results will comprise a set of recommendations coming from the European Commission on the implementation of the new directive. The results will also be published in the Official Journal of the EU.

2.2. International Cooperation

The monitoring of the trade in military equipment and the transfer of such equipment in general has also been receiving a lot of attention globally. This area has therefore been moving to the forefront of discussions on international cooperation between different countries and it has become a major area of interest at a number of different international organizations. The overall volumes of the global trade in defense-related goods have been increasing. However, it isn't the legal trade in such goods and their export to trusted governmental entities that has been creating a problem; but rather, it is the defense equipment that is being sold illegally to non-governmental paramilitary forces, terrorist organizations, etc. that are of concern. Sales and transfers to such entities have been contributing to the overall destabilization of the security situation in such regions as Sub-Saharan Africa.

2.2.1. The Arms Trade Treaty

The project for a legally binding global treaty to regulate the trade in conventional arms started in 2003, when a coalition of non-governmental organizations launched the Arms Trade Treaty (**ATT**) campaign. Its objective was to initiate a series of discussions at international forums and to persuade as many governments as possible of the urgent need for a mechanism to control the international trade in military equipment. The main principles behind such a legally binding international treaty would include the following: the responsibility of the state, a limitation on the transfers of arms where the arms are likely to be used in a manner in violation of international law or where the transfer is likely to facilitate organized crime or corrupt practices or to adversely affect regional security or stability or to adversely affect sustainable development, involve corrupt practices or contravene other international, regional or national commitments and such a treaty would foster transparency and comprehensive control mechanisms. The Czech Republic supports this initiative and seeks to promote it both bilaterally and multilaterally. The EU as a whole

expressed its support for the ATT at the meeting of its General Affairs and External Relations Council in Luxembourg in October 2005.

At the 61st meeting of the UN General Assembly, which took place on December 6, 2006, the delegates of 153 governments voted in favor of “Resolution No. 61/89 – Towards an Arms Trade Treaty: Establishing a Common International Standard for the Import, Export and Transfer of Conventional Arms”. As part of this initiative, which should lead to the drafting of an international treaty regulating the trade in conventional arms as part of a coordinated approach of EU member states and the implementation of UN General Assembly Resolution No. 61/89, the Czech Republic submitted to the Secretary General of the UN a national report supporting the UN initiative to kick-start the process leading towards the passage of the ATT. A compendium of such national reports was released by the Secretary General of the UN during a session of the 1st Committee of the 62nd General Assembly of the UN in the fall of 2007. In 2008, the Group of Government Experts (GGE) held a series of three meetings. The EU was represented by experts from seven of the member states (FI, FR, DE, RO, IT, UK and ES) in the 28-member group of government experts. The outcome of the complex series of discussions taking place at the GGE meetings was a final compromise report, which left the door open for further negotiations. The countries, which remained skeptical, were the US, Russia, China, India, Egypt and Pakistan. This was followed by the negotiations on the ATT and the release of the report of the 1st Committee and the UN General Assembly Resolution 63/240 – Towards an Arms Trade Treaty. Based on these documents, two meetings were held in 2009 by the Open-Ended Working Group (OEWG)¹⁹, where the objectives, the applicability and other parameters of any such future treaty were discussed (it is important to note that, at this point, the OEWG was neither discussing nor reviewing any specific text for nor draft of such a treaty). In the 2009 meetings, the Czech Republic acted as one of the vice-chairpersons of the OEWG.

At the 64th meeting of the UN General Assembly in 2009, the ATT resolution was once again brought up and discussed and, on December 2, 2009, Resolution No. 64/48 was passed. According to the latest resolution, the UN will hold a four-week conference on the ATT in 2012 and the resolution also states that the OEWG meetings, which are to take place in 2010 and 2011, are to be considered meetings held by the preparatory committee for the United Nations Conference on the ATT. In 2010, the OEWG will meet just once; but, the meeting will last for two weeks and take place in July 2010.

In support of the process of negotiating the future adoption of the ATT, the EU passed Council Decision 2009/42/CFSP – on support for EU activities in order to promote among third countries the process leading towards an Arms Trade Treaty, in the framework of the European Security Strategy. The plan was to hold, in Geneva and in New York in 2009 and in early 2010, six regional seminars and a series of accompanying events. In early 2010, the EU also submitted the draft of a new council decision on the EU’s activities in support of the ATT, as part of the European Security Strategy.

The Czech Republic believes that the Arms Trade Treaty should regulate – in a legally binding manner – the trade in all types of conventional arms and related ammunition. The Czech Republic also believes that in order to become the foundation of a reliable and well-functioning system for arms control, the treaty should regulate all types of international transactions such as the import, export, re-export, transit and transfer, as well as the brokering of such transactions. By adopting

¹⁹ In this context, the term “open-ended” refers to the fact that unlike the GGE, this working group has an open structure and its meetings can be attended by officials from all countries. Non-governmental organizations have observer status.

such an international, legally binding instrument, the authorities can make sure that the ATT will become a powerful instrument to ensure the transparency and legality of the international trade in arms.

2.2.2. UN Program of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects

The Czech Republic has been supportive of the efforts of the international community to prevent the illegal trade in small arms and light weapons (hereinafter as “SALW”)²⁰ and the uncontrolled distribution and accumulation of such equipment. The “*Program of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects*” (hereinafter as “*UN Program of Action*”) serves as an important framework for the initiatives of the United Nations with respect to the monitoring of the trade in small arms and light weapons. The *UN Program of Action* was first adopted in 2001 as a program that laid out the objectives of the international community in the subject area for the period through 2006. The advantage of the *UN Program of Action* was the fact that it defines specific commitments and mechanisms to be adhered to in order to improve the control over the trade in small arms and light weapons, which are to be placed into circulation. These measures can be categorized based on the level at which they are to be adopted (national, regional or global).

At the ‘national’ level, this includes the passage and implementation of legislation covering the following areas:

1. Control over the manufacturing, export and import of SALW.
2. Monitoring and tracking of transfers of SALW.
3. Destruction of redundant SALW.

Measures implemented at a ‘regional’ level are voluntary and they focus on an overall enhancement of transparency. These efforts can also include regionally binding moratoriums on the manufacture, import and export of SALW with the objective of preventing any undesirable accumulation of this equipment in the given region or territory. At the ‘global’ level, this primarily involves cooperation in the fight against illegal trade in SALW.

These measures are part of international efforts with a focus on the prevention of conflicts, which involve an abuse of SALW and the resolution of such conflicts. These measures primarily consist of demobilization, demilitarization, disarmament and reconsolidation projects for militants that have been involved in a conflict. The key task is naturally the liquidation of SALW located in the affected areas. In 2005, part of the implementation of the UN Program of Action was the passing of “*International Instrument to Enable States to Identify and Trace, in a Timely and Reliable Manner, Illicit Small Arms and Light Weapons*” (hereinafter as “*International Tracking Instrument*”), which has become a politically binding document.

Improvements to the mechanisms that are being implemented as part of the UN Program of Action and the exchanging of information about the implementation of the program are topics that are on the agenda of meetings that take place every two years. The third biennial meeting of the countries participating in the implementation of the UN Program of Action took place on July 14-18, 2008 in New York. In relation to this meeting, the EU made the proposal that a project be initiated that

²⁰ According to the definition used by the UN, small arms are weapons intended for personal use and usually operated by a single person (e.g. automatic weapons and light machine guns); light weapons are operated by a group of individuals and transported using light transportation equipment (e.g. lower caliber mortars and certain types of portable cannons).

would cooperate with the UN in support of the UN Program of Action (the proposal for the project ended up being passed in the form of a Council Decision). One of the actions that were undertaken by the EU as part of the effort to prevent the illicit trade in small arms and light weapons was a new clause prohibiting the illegal stockpiling and proliferation of SALW. Effective December 8, 2008, the new clause became an integral part of international treaties signed between the EU and third countries. The EU's initiative to prevent the illegal transporting of SALW by air has been under discussion since 2009 and the draft of a new Council joint action to address this issue was submitted in the spring of 2010.

The 64th meeting of the UN General Assembly passed a series of resolutions that were related to this area (Resolution No. 64/50, "The Illicit Trade in Small Arms and Light Weapons in All Its Aspects", and Resolution No. 64/30, "Assistance to States for Curbing the Illicit Traffic in Small Arms and Light Weapons and Collecting Them". These are among the resolutions that are submitted and passed annually at the meetings of the General Assembly.

As part of the UN Program of Action, the Czech Republic continues to work on the implementation of measures at a national level (in particular, such measures include stricter legislation regulating the possession, carrying and tracking of SALW; control over the manufacturing, export, import, trafficking and transfer of SALW in order to prevent illegal activities (including the related legal sanctions); the clear identification of arms as part of the manufacturing process or importation; the maintaining of records; and, the disposal of redundant SALW). At the regional and global levels, the Czech Republic has joined in with initiatives sponsored by the EU. As in previous years, in 2009, the Czech Republic also supported the implementation of the UN Program of Action and it has complied with the requirements called out in the UN's International Tracking Instrument. In the form of a voluntary contribution, the country provided CZK 1.8 million in support to the United Nations Office for Disarmament Affairs (UNODA). The contribution wasn't used until 2009 when the funds were used to organize a UNODA seminar on the implementation of the International Tracking Instrument for officials from West African countries, which was held from September 14 – 18th, 2009 in the Czech Republic.

2.2.3. Cluster Munitions

The use of cluster munitions (hereinafter as "CM") poses great humanitarian concerns. Containers filled with ammunition and dropped out of an aircraft or set-off on land contain larger volumes of explosives, which are set-off before, during or after hitting the ground. If used in an improper fashion, this type of weaponry, which is capable of covering a large area, is unable to differentiate between civilians and combatants. On average, up to 25% of CM munitions fail to detonate upon hitting the ground and thus continue to pose an extreme hazard in a manner similar to anti-personnel mines. The Czech army no longer uses this type of munitions and any leftover Soviet-made inventory has been set aside and will be destroyed by 2011.

In February 2007, the cluster munitions banning process (also known as the "Oslo Process") was initiated at an international conference in Oslo, where a group of 46 countries (including the Czech Republic and 20 other EU member states) agreed to adopt, by the end of 2008, a legally binding international instrument banning the use, manufacture, transfer and storage of CM. The "Convention on Cluster Munitions" (CCM) was adopted on May 30, 2008 in Dublin and signed on December 3, 2008 in Oslo by more than 100 countries. This convention was signed on behalf of the Czech Republic by its Minister of Foreign Affairs, Karel Schwarzenberg. The Convention on Cluster Munitions was to come into effect six months after its ratification by the 30th country; and, on February 16, 2010, the convention was ratified by Moldavia and Burkina Faso and the required

number of states to ratify the convention was reached. At this point, the six-month waiting period before implementation started and the convention will therefore officially come into effect on August 1, 2010. The Czech Republic has not yet ratified the convention – the ratification process will require the passing of new domestic legislation through which the convention will be implemented. The related legislation has already undergone an interdepartmental review process and it is ready to be brought before the Parliament.

The adoption of the CCM came in response to the lengthy negotiations on the restriction of the use of CM as part of the “Convention on Certain Conventional Weapons” (CCW). The strict provisions of the CCM have discouraged key users and manufacturers of cluster munitions from signing the convention. In practical terms, the convention is only applicable to a smaller amount of CM, most of which comes from older production. This is also why parallel negotiations on Protocol VI to the CCW restricting the use of CM took place in Geneva. Despite the fact that October 2008 found these talks approaching the point where a compromise solution was possible, no compromise was reached. As a result, the negotiating mandate for the respective group of experts was extended through 2010 and the talks will be continued starting in April 2010.

3. Control of the Trade in Small Arms and Light Weapons for Civilian Use in the Czech Republic

In Czech legislation, the term “firearms of a non-military nature” refers to weapons intended for sports, leisure, hunting and self-defense.²¹ In the Czech Republic, any foreign trading in civilian weapons and ammunition is regulated by Act No. 228/2005 Coll. on the control of trade in products for which possession in the Czech Republic is restricted for security reasons. Government Decree No. 230/2005 – an appendix to Act No. 228/2005 Coll. – lists the products that are regulated by this legislation. In practice, it only applies to revolvers, pistols and certain types of rifles and the related ammunition. The manufacturing information of leading Czech producers shows that a large part of their production and exports fall within this category of trade-controlled goods.

Unlike the two-level system used for the control of foreign trade in military equipment, the trade in civilian weapons is controlled using a single-level system. The MPO issues a permit based on a written application that is filed by a natural person or a legal entity, containing information about the target destination, the purchaser, the number of units being supplied, etc. When deciding on the issuance of the permit, the MPO may request that the applicant provide additional information or documentation, as required for an appropriate assessment of the application or the ministry ask other governmental bodies for their input. The permit is not issued whenever: any of the applicable formal requirements remain unmet; whenever its issuance would be in conflict with the security interests of the Czech Republic; or, if the applicant has had a previously issued permit revoked in the past. Under the law, a permit can be revoked if the holder has failed to adhere to the requirements, which have been specified in the permit; if they have provided false information in their application; or, if the revocation of the permit would be justified by circumstances related to national security.

²¹ Act No. 119/2002 Coll. breaks down arms and ammunition into several categories. Military arms fall into Category 'A', which is used for weapons, the ownership, possession or carrying of which is prohibited. The Czech Police can grant an exemption from this ban to holders of an “arms permit” or an “arms license” – provided the conditions established in the above act are complied with.

Under the EU common rules governing the control of exports of military technology and equipment (Common Position 2008/944/CFSP) and other legally binding international arrangements, the Czech Republic is also required to respect any embargos that have been enacted in this area. In practice, the MZV only provides a broad-brushed review of the information, which has to be taken into consideration as part of the decision on issuing an export permit, to the MPO Licensing Section.

In 2009, the country exported a total of 57,521 units of **machine pistols and revolvers** with a total value of CZK 333,913,093 to the following countries (non-EU):

Angola, Argentina, Australia, Belize, Brazil, Montenegro, Philippines, Guatemala, Hong Kong, Chile, Croatia, Indonesia, Iceland, Israel, South Africa, Jordan, Canada, Kazakhstan, Kenya, Colombia, Costa Rica, Kuwait, Macao, Malaysia, Moldavia, Namibia, Nicaragua, Norway, New Zealand, Paraguay, Peru, Russia, El Salvador, Singapore, Serbia, United Arab Emirates, Switzerland, Tanzania, Thailand, Turkey, USA, Uruguay and Zambia.

In 2009, the country exported 40,475 units of **long firearms** with a total value of CZK 254,874,029 to the following countries (non-EU):

Angola, Argentina, Australia, Belize, Belarus, Brazil, Bosnia and Herzegovina, Montenegro, Philippines, Chile, Croatia, Indonesia, Iceland, Israel, South Africa, Jordan, Canada, Kazakhstan, Kenya, Colombia, Malaysia, Mexico, Moldavia, Mongolia, Namibia, Nicaragua, Norway, New Caledonia, New Zealand, Paraguay, Peru, Russia, El Salvador, United Arab Emirates, Serbia, Switzerland, Tanzania, Thailand, Turkey, Ukraine, Uruguay, USA and Zambia.

4. The Czech Republic's Control of the Export of Dual-Use Items and Technologies

Dual-use items and technologies comprise a broad range of items with industrial, nuclear, chemical and biological uses. Even though these items are primarily produced and intended for civilian use, they can also be used for military purposes due to their nature and capabilities. In particular, this applies to uses involving the manufacture of conventional weapons and, more importantly, weapons of mass destruction (hereinafter as “WMD”) and the related delivery systems. As an important part of an overall strategy for the prevention of the proliferation of WMD, the export control system used in this area is an important instrument, which is designed to prevent the production and accumulation of conventional weapons in high risk regions and the proliferation of WMD and the delivery systems for these weapons. An effective common system of controls for the export of dual-use items and technologies is a must when it comes to the coordination of the international obligations and commitments of the countries participating in the existing international control regimes (see the next part of this Report) and the obligations and commitments of the EU related to these non-proliferation objectives.

In the EU, the control regime for the export of dual-use items and technologies has been regulated, as part of the EU Common Trade Policy, since the year 2000, when Council Regulation (EC) No. 1334/2000 was passed. An annex to this regulation contains a common list of dual-use goods, which includes all items that are part of the lists used as part of various international control regimes. These specifically include the Wassenaar Arrangement (WA), the Australia Group (AG), the Nuclear Suppliers' Group (NSG) and the Missile Technology Control Regime (MTCR). The list is updated annually, in accordance with the respective obligations and commitments, which each

member state has adopted as a participant in the respective international non-proliferation regimes and agreements on export controls or as one of the signatories that have ratified the respective international treaties.

In June 2003, the EU member states adopted, at the level of its heads of state and prime ministers, an action plan on the non-proliferation of weapons of mass destruction. In December 2003, the EU Council subsequently passed the “EU Strategy against the Proliferation of Weapons of Mass Destruction”. This strategy specifically calls for the reinforcement of the policies and the control mechanisms dealing with the exporting of dual-use items. The implementation of this strategy was also the subject of new Council guidelines for the EU that were designed to prevent the proliferation of both WMD and the delivery systems for such weapons, which were passed in December 2008. These guidelines include provisions to reinforce the existing implementation mechanisms and they seek to increase the capacity of and to make improvements to the system of coordination between the individual member states.

In April 2004, the UN Security Council passed its Resolution No. 1540, which required all member states to adopt and support measures that would implement domestic control mechanisms designed to prevent the proliferation of nuclear, chemical and biological weapons and the related delivery systems. These control mechanisms were also to be designed to effectively deal with related materials and to include a system of controls for the handling of transportation and brokerage activities. In response to this UN resolution, the European Commission released (at the end of 2006) a communication, which reviewed the EC regime for the control of exports of dual-use items and technologies. At the same time, the Commission submitted a draft of a revised Council regulation. The primary reason for these initiatives was to enhance the effectiveness of the existing control mechanisms – i.e. to tighten security, to provide a better regulatory environment for the manufacturing sector and to achieve a greater consistency in the implementation of the legislation by the member states through the adoption of general implementation guidelines and the use of proven practices.

After more than two years of work, the draft of the new Council regulation was finally completed in the first half of 2009, during the Czech Presidency of the EU; and, on May 5, 2009, **Council Regulation (EC) No. 428/2009 setting up a Community regime for the control of exports and the transfer, brokering and transit of dual-use items** was published in the Official Journal of the European Union. The new regulation came into effect on August 27, 2009 and it is fully binding on and directly applicable to all member states. Among the most significant changes introduced in this new Council Regulation 428/2009 was an **extension of the system of controls** for the handling of dual-use items to also include **transit activities and the supply of brokerage services**. Other changes introduced in this regulation are related to the conditions for the use of the “Community General Export Authorization” and the use of national general export authorizations.

To implement Council Regulation (EC) No. 1334/2000 at a national level, and as part of the Czech Republic’s entry into the EU, the Czech government passed Act No. 594/2004 Coll. implementing the regime of the European Communities for the control of exports of dual-use items and technologies. This act specifically regulates the system of controls used for the exporting of dual-use items, the rights and obligations of parties transporting such items from the Czech Republic to another EU member state and parties importing such items into the Czech Republic, as well as the measures that have been put in place through Council Joint Action No. 2000/401/CFSP of June 22, 2000, dealing with the control of technical assistance related to certain military end-users. In response to the passing of Council Regulation (EC) No. 428/2009, which replaced the older Council Regulation (EC) No. 1334/2000, and in order to implement this new EU legislation at a national level, the Czech government drew up an amendment to Act No. 594/2004 Coll. – the primary

objective of which was to facilitate the effectiveness of control mechanisms in the area of brokerage services and transit activities. In November 2009, the draft of the new amendment was circulated through the respectively governmental ministries and departments for their review and suggestions made in reference to the draft were taken into consideration. The new amendment is currently scheduled for review by the government in the first half of 2010. Afterwards, it will be submitted to the Parliament to be voted on.

The licensing process is primarily applicable to the exporting of goods that are on the list of controlled items (Annex I to Council Regulation (EC) No. 428/2009) and to goods, which can only be exported from the EU with a valid **export permit**. With the exception of a “General Export Authorization”, which is published directly in Council Regulation (EC) No. 1334/2000, individual permits are issued by the licensing authorities of the respective member state. The exporter must apply for a permit in the country in which they are based. The permit follows a prescribed format and it can also be submitted to customs authorities in an EU country other than the one from which it was issued. In a situation in which the given goods are located in a member state other than the one in which an application for an export permit is being submitted, there is a prescribed procedure for the communication between the authorities in the two given member states.

A permit to export dual-use items, which are not listed in Annex I to Council Regulation (EC) No. 428/2009, is also required whenever the exporter has been informed that the items in question are or may be intended (either all or just some of them) for use in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive devices or the development, production, maintenance or storage of missiles capable of delivering such weapons. A permit is also required if the purchasing and/or destination country is subject to an arms embargo and the exporter has been informed that the given goods are or could be (either all or just some of them) intended for a military-type end use or that the given goods are or could be (either all or just some of them) intended for use as parts or components of items that are included on the domestic military list and that were exported without a permit or in violation of a permit.

Since 2005, the Ministry of Industry and Trade has been warning all known exporters of items that are included under Categories 8456 – 8466 of the Czech Integrated Tariff (this specifically includes various types of machining tools and accessories) which, irrespective of whether or not these items meet the technical criteria called out on the list of restricted goods, they can only be **exported to Iran or Syria** with an individual export permit that has been issued by the MPO Licensing Section. As part of the international sanctions against **North Korea**, a permit is required in order to export a broad range of products into that country. Over time, the Ministry has had to warn 225 exporters with respect to the above. Others are being reminded of these restrictions through information, which, for the most part, is being distributed by the General Customs Directorate.

The MPO Licensing Section is responsible for the issuance of export permits (authorizations). The following other government bodies and authorities assist with the process of reviewing individual export permit applications: the Ministry of Foreign Affairs, the Ministry of Defense, the Ministry of the Interior and the central intelligence services – all of which provide their opinions on the given application, within their respective scope of authority; the General Customs Directorate, which has the legal status of a regulatory body; and, the State Office for Nuclear Safety – an executive and regulatory body for items of a nuclear, chemical or biological nature.

One of the key elements of the system used to control the export of dual-use items and technologies is collaboration with the private sector. Along with the governmental authorities, the exporters and, more importantly, the manufacturers involved in these activities, all become co-responsible for the

efficiency of the control system. The regular exchanging of information on the implementation of the export control system primarily takes place in the form of consultations that are part of the communications that take place between applicants and the MPO Licensing Section (as part of the application process). Exporters are able to access information they need through the MPO's website or by attending seminars organized by the Ministry. In 2009, the MPO Licensing Section once again organized, in partnership with the CzechTrade agency, a seminar on the topic "*Dual-Use Export Controls – Current Practices and the Latest Changes*", which followed-up on similar seminars that had been organized in past years. Due to the enormous interest by the private sector in this seminar (60 attendees), the organizers put together an additional seminar that was held in January 2010 (70 attendees).

In 2009, the MPO issued a total of 158 decisions related to the export of dual-use items and technologies:

- 140 permits were issued for exports to 32 countries
- 5 export permit applications were denied
- 13 decisions were issued to suspend the proceedings (mostly due to the withdrawal of an application)

The leading importers of Czech dual-use items and technologies in 2009 were Russia (27), China (23), Iran (16) and the Ukraine (8). The most frequently exported types of goods this year were machinery (machining equipment and accessories), chemicals (the leading export products were sodium and potassium cyanides and Krasol (a hydroxyl-terminated liquid polybutadiene)), carbon and aramid fibers, scanning electron microscopes, detection tubes and paper strips for the detection of chemical weapons and protective gas masks.

In 2009, additional registrations were made for the use of the Community General Export Authorization (Annex II to Council Regulation (EC) No. 428/2009) for a total of seven countries and 16 companies. This meant that the Czech Republic currently has 36 companies that are allowed to export goods under this general export authorization.

5. International Export Control Regimes

Like other developed industrial countries, the Czech Republic takes on an active role in all important international control regimes governing foreign trading activities in the area of military equipment, technologies and dual-use goods.

By participating in these regimes, the Czech Republic seeks to provide assistance with the elimination of the risks to global security posed mainly by the proliferation of WMD and the delivery systems capable of carrying these weapons and the misuse of dual-use goods for the manufacturing of the above, the excessive accumulation of conventional arms in individual countries and regions and the use of weapons by terrorists.

Following are the different types of existing international export control regimes:

1. "Zangger Committee and the Nuclear Suppliers Group"²² for nuclear non-proliferation.
2. "Australia Group" for the non-proliferation of chemical and biological weapons.
3. "Missile Technology Control Regime" for missiles capable of delivering weapons of mass destruction²³.

²² Nuclear Suppliers Group (NSG)

4. “Wassenaar Arrangement” on export controls for conventional arms and dual-use goods and technologies.

Although the implementation of most international export control regimes is not based on international treaties (with the exception of the Zangger Committee, whose role is established in the “*Treaty on the Non-Proliferation of Nuclear Weapons*” (NPT)), all of these activities generally focus on the careful fulfillment of the participating country's obligations arising out of the legally binding documents of the United Nations related to the ban on and/or the non-proliferation of WMD²⁴. The implementation of these international export control regimes also assist in the elimination of potential threats to global security that are associated with the uncontrolled proliferation of the given materials and technologies. In this sense, the international export control regimes have provided an effective way in which to support the control mechanisms put into place by the UN. The Arms Trade Treaty, which is currently being drafted by the UN, can be expected to positively impact this area.

In the Czech Republic, all trade in nuclear, chemical and biological weapons, as well as in the equipment capable of delivering such weapons, is prohibited under Act No. 38/1994 Coll.²⁵. One issue, which is directly related to the above, is the control of exports of dual-use items; however, this is one of the tasks that are being carried out under the previously mentioned international export control regimes. In the Czech Republic, the control of exports involving items that are subject to any international export control regime is handled in accordance with Council Regulation (EC) No. 428/2009 of May 5, 2009, setting up a Community regime for the control of exports and the transfer, brokering and transit of dual-use items. This new regulation came into effect on August 27, 2009 and fully replaced the previous Council Regulation (EC) No. 1334/2000. The way in which these control procedures are dealt with is also covered in the Czech Act No. 594/2004 Coll., which implements the regime of the European Communities on the control of exports of dual-use items and technologies. The Czech Republic's participation in the above-listed international export control regimes (with the exception of the Wassenaar Arrangement) therefore has no direct impact on the Czech Republic's foreign trade in military equipment as it tends to relate more to trade in the “dual-use items” category.

The proliferation of WMD isn't the only problem associated with the trade in military equipment. SALW have had a destabilizing effect in a number of high risk regions and the use of such weapons has had serious humanitarian consequences and the global community is starting to pay increasing attention to this area of concern. The risks associated with the transfer of SALW to non-governmental entities have been demonstrated in numerous examples of the abuse of man-portable air defense systems against civilian aircraft.

As part of its commitment, the Czech Republic has been actively participating in the existing regimes overseeing the movement and use of SALW and it has been an advocate of the global enforcement of tighter control measures, similar to those that are binding on the Czech Republic.

The various international export control regimes have their own secondary sections, which specialize in specific types of weapons – in most cases, WMD. The only similar type of global initiative, which has a specific focus on the illicit trade in SALW, is the “UN Program of Action to

²³ Missile Technology Control Regime (MTCR). The related Hague Code of Conduct (HCOC) is a political document, which was adopted in 2002, that sets out measures for the building of mutual trust in this area.

²⁴ In this regard, the UN Security Council Resolution No. 1540 (2004) on the non-proliferation of weapons of mass destruction plays an important role.

²⁵ "Weapons of mass destruction, which specifically refer to nuclear, chemical and biological weapons, may not be the subject of trade in military equipment" – quote from Section 4 of Act No. 38/1994 Coll.

Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All of Its Aspects”. One alternative to the creation of additional special regimes for the controlling of SALW is to put an additional emphasis on this type of equipment in the broader scope control regimes at both regional²⁶ and global levels²⁷.

The following part of this document only discusses those parts of the international export control regimes, which have a real impact on the control of the export of military equipment and small arms for civilian use in the Czech Republic – i.e. the “Wassenaar Arrangement”. This Report deliberately avoids going into detail on the fight against the proliferation of WMD. A detailed update on the functioning of the respective international export control regimes, including the issues surrounding WMD, is submitted annually to the Czech government (in accordance with Resolution No. 480 of May 2, 2007). The document also avoids going into any detailed discussions about compliance with the obligations arising out of the Treaty on Conventional Arms in Europe because these matters tend to be more related to security policies and only marginally related to export controls.

Wassenaar Arrangement (WA) (*The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies*)

The Wassenaar Arrangement (WA) on export controls for conventional arms and dual-use goods and technologies was established in 1995 to include a group of countries that focused their attention on a broad spectrum of conventional arms and dual-use goods and technologies (i.e. items that are primarily intended for industrial use but which could also be used for the production of conventional arms).

WA activities largely consist of the sharing of information on the general aspects of the international trade in strategic goods, which includes global trends in the arms trade, the security situation in certain regions, the suspicious procurement activities of specific countries, suspicious projects or businesses operating in certain countries, etc. The activities carried out under this regime also include an exchange of detailed information on particular transfers of such goods and rejected license applications for transactions with non-member countries.

On December 2 and 3, 2009, the annual meeting of WA members took place in Vienna. As with the previous (2008) meeting, the program of this year’s meeting, which adopted the documents produced from meetings held by the WA General Working Group in May and October 2009, was once again expanded to include a discussion of the destabilizing accumulation of weapons in conflict-prone regions and an exchange of opinions on the contents of the directive on re-exports and licensed production.

All EU member states – except for Cyprus – are currently among the countries participating in the WA.

²⁶ Besides the previously discussed EU control mechanism for arms exports (CP 2008/944/CFSP), the Nairobi Protocol and similar types of initiatives that are part of MERCOSUR, OSCE or CARICOM can also be identified as examples of regional cooperative arrangements in the control of the movement of arms.

²⁷ Besides the Wassenaar Arrangement, the best example is the planned Arms Trade Treaty.

6. International Arms Embargos

The Czech Republic respects all arms²⁸ embargos imposed by the UN, the EU and the Organization for Security and Cooperation in Europe (even though the restrictions imposed by the OSCE are non-mandatory). The country also plays an active role in the drafting and updating of such measures as a member of the above-noted organizations.

As with the specific nature of individual embargos, the list of countries that are subject to partial or complete international embargos can change through the course of the year, based on decisions passed by the UN Security Council (UN SC resolutions), the EU Council (Common Position) or other entities.

The text of the embargo usually includes the list of the materials being embargoed and the region (or end-users) being targeted. The materials covered by the embargo are often broadly described as “arms and related materials” and only in certain cases is there a specific restriction on the importing of heavy equipment²⁹ or light firearms³⁰. Under an embargo, undesirable end-users can include the governments of specific countries (e.g. the EU embargo against Burma/Myanmar) or non-governmental armed militias operating in a certain territory (e.g. the embargo against Lebanon). The respective UN resolutions or EU common positions usually include exemptions from the embargo for supplies provided to peace missions or to security services protecting the embassies of EU member states in the given region.

In individual cases, new documents have been published with respect to the Democratic Republic of the Congo, Liberia, Burma/Myanmar, Ivory Coast, Rwanda, Somalia, Uzbekistan and Zimbabwe.

With respect to **Liberia, Burma/Myanmar, Ivory Coast** and **Zimbabwe**, the newly issued documents extended the validity of the existing restrictive measures without any major changes to the impact of the given embargos.

The EU imposes complete embargos – with only minimal exceptions – against **North Korea, Burma/Myanmar, Iran, Sudan** and **Zimbabwe**. The embargos against **Iraq**, the **Democratic Republic of the Congo, Liberia, Ivory Coast, Sierra Leone** and **Somalia** only allow supplies to international missions operating in the given countries. In certain cases, exports to the central governments of the given country are also permitted. In the fall of 2009, after intensive negotiations, the EU made the decision not to extend the previously in place embargo against **Uzbekistan**; however, the practice of having individual applications reviewed by the Ministry of Foreign Affairs, in a highly restrictive manner, didn't change.

The restrictive measures in place against **Lebanon** only permit transactions that have been approved by the Lebanese government. The EU's “Madrid Declaration of June 27, 1989”, which imposed an embargo on **China** shortly after the Tiananmen Square incident, explicitly calls for a ban on the export of weapons, which can be used for the suppression of human rights. The embargo against the forces involved in the Nagorno-Karabakh conflict has been interpreted by the EU as an

²⁸ This chapter excludes information on restrictive measures concerning dual-use items and technology.

²⁹ In UN terminology, “heavy equipment” refers to weapons included on the UN's UNROCA register. This is used for UN embargos restricting exports to Iran and North Korea.

³³ For example, the ECOWAS moratorium.

embargo against **Armenia** and **Azerbaijan**. The Economic Community of West African States (**ECOWAS**) internally implements a special control regime, which applies to SALW and, in some cases, other selected types of military equipment. The Czech Republic supports the use of this control regime and any Czech exports to ECOWAS countries must be accompanied by the appropriate documentation. Specific examples of restrictive measures include a **ban on the supplying of materials to terrorist organizations**; and, a **ban on the trade in anti-personnel mines and cluster munitions**, which is enforced in the Czech Republic.

In 2009, the existing restrictive measures in place against the following countries were either extended in terms of duration or in terms of severity: North Korea, the Democratic Republic of the Congo, Liberia, the Ivory Coast and Eritrea. In response to the subterranean nuclear test conducted by North Korea, the UN Security Council extended (in its Resolution No. 1874 (2009) of June 12, 2009) the scope of the existing arms embargo against North Korea and it approved the inspection of maritime vessels traveling to and from this country.

In its Resolution No. 1807 (2008), the UN Security Council weakened the existing embargo in place against the Democratic Republic of the Congo. The ban on the supply of weapons to non-governmental and private entities however remains fully in force. In a similar manner, the EU Council also relaxed this embargo through its Common Position 2008/369/CFSP. The UN Security Council subsequently extended the validity of this embargo through November 30, 2010 (Resolution No. 1896 (2009)).

The existing conditions governing exports to **Somalia** were confirmed through UN Security Council Resolutions Nos. 1801, 1811 and 1844 (2008), which only allow arms exports under certain conditions – specifically for the purposes of the African Union mission and for purposes related to support for the development of local security forces. The EU Council has integrated the conditions set out in the above UN resolutions into its Common Position 2009/138/CFSP. Under Resolution No. 1907 (2009), the UN Security Council requested that Eritrea respect the arms embargo against Somalia and it extended the embargo to also apply to **Eritrea**, due to the fact that this country had violated the embargo.

In its Resolution No. 1903 (2009), the UN Security Council extended the existing arms embargo against **Liberia** for another 12 months (through December 20, 2010); and, through its Resolution No. 1893 (2009), the UN Security Council extended its sanction regime against the **Ivory Coast** through October 31, 2010.

The existing conditions on the control regime for exports to **Rwanda**, which were introduced under UN Security Council Resolution No. 918 (1994), were recently cancelled through UN Security Council Resolution No. 1823 (2008).

A list of currently valid restrictions can be found at:

www.mzv.cz/kontrolaexportu

or at:

http://www.sipri.org/research/armaments/transfers/controlling/arms_embargoes/research/armaments/transfers/controlling/arms_embargoes/arms_embargoes_deafult.

7. Annexes

Annex No. 1

Categories and Subcategories of the Common Military List (CML) – effective as of October 1, 2009

Annex No. 2

Licenses for the Export (Sale) of Military Equipment Issued and Used in 2009

Annex No. 3

Breakdown of Export Licenses by Type of Military Equipment in 2009

Annex No. 4

Export (Sale) of Selected Military Equipment to Foreign Entities in 2009

Annex No. 5

Utilization of Licenses for the Export (sale) of Military Equipment in the Period 2003 – 2009 by End-User Country

Annex No. 6

Exports of Military Equipment – Sales to Foreign Entities, 1994-2009

Annex No. 7

Licenses for the Import (Purchase) of Military Equipment Issued and Used in 2009

Annex No. 8

Breakdown of Import Licenses by Type of Military Equipment in 2009

Annex No. 9

Import (Purchase) of Selected Military Equipment from Foreign Entities in 2009

Annex No. 10

Imports of Military Equipment – Purchases from Foreign Entities, 1994-2009

Annex No. 11

Licenses Issued and Utilized for Import and the Subsequent Re-Export of Military Equipment in Q4 2009

Annex No. 12

Permits to Engage in the Foreign Trade in Military Equipment in 2009

CML Categories and Subcategories	CML Number (per Decree No. 332/2009 Coll.)	Code for Application
Smooth-bore weapons with a caliber of 20 mm or less and rifled weapons with a caliber of 12.7 mm or less:	1	
weapon parts and accessories, gun supports, carriages, weapon sights, mountings and clips for tactical accessories, bayonets and gla- breakers		10
revolvers, machine pistols and tasers with dart electrodes		11
machine guns and machine pistols		12
automatic rifles		13
rifles and carbines (self-loading, repeating, sporting-type rifles, such as the Type 58 automatic, etc.)		14
light machine guns		15
smooth-bore weapons with a caliber of 20 mm or less		16
silencers and flash suppressors		17
Smooth-bore weapons with a caliber of more than 20 mm, other weapons with a caliber of more than 12.7 mm, launchers and specially designed components:		2
weapon parts and accessories, gun supports, carriages, weapon sights, mountings and clips for tactical accessories	20	
rifles and heavy machine guns	21	
guns, howitzers and cannons with a caliber from 20 mm through 70 mm	22	
mortars, projectile launchers, grenade launchers, rocket launchers and flamethrowers with a caliber from 20 mm through 70 mm	23	
towed artillery systems and rocket launchers with a caliber greater than 70 mm	24	
anti-tank weapons with a caliber from 20 mm through 70 mm	25	
anti-aircraft guns with a caliber from 20 mm through 70 mm	26	
recoilless guns with a caliber from 20 mm through 70 mm	27	
smoke, gas and pyrotechnic launchers and generators	28	
services	29	
Ammunition, fuse setting devices and specially designed components for weapons in categories ML1, ML2 and ML12:	3	
parts and components of ammunition		30
small caliber ammunition (up to 12.7 mm)		31
large caliber ammunition (over 12.7 mm)		32
services	39	
Mines, bombs, torpedoes, rockets, missiles, explosive devices and charges and specially-designed related components:	4	
parts and components of mines, bombs, torpedoes, rockets, missiles, explosive devices and charges		40
rockets and missiles (anti-tank and anti-aircraft) - including launching devices, guided missile jets and return module heat		41
hand grenades, mortar and bazooka shells and ammunition for artillery		42
mines, bombs and torpedoes		43
blasting cartridges and charges, demolition kits and devices, demolition charges (including depth charges) and demolition and mine clearance devices		44
simulation equipment, simulators and smoke generators		45
all types of cluster munitions		46
equipment and devices designed to handle items which belong into the ML4 category (per Section 4b of the CML)		47
aircraft missile protective systems (AMPS)		48
services	49	
Fire control, alerting and warning equipment and related systems; test and alignment and countermeasure equipment and its specially designed components and accessories:	5	
fire control, alerting and warning equipment and related systems; test and alignment and countermeasure equipment and its specially designed components and accessories		50
services	59	
Ground vehicles and their specially designed components:	6	
specially designed parts and components of ground vehicles and spare parts		60
tanks and related weaponry		61
armored combat vehicles and related weaponry		62
tanks and armored combat vehicles without weaponry		63
ground vehicles treated as collectables and for museum exhibits		64
self-propelled artillery systems, self-propelled rocket launchers and projectile launchers		65
amphibious, rescue, recovery and towing vehicles and vehicles used for the transport of ammunition and weaponry		66
other vehicles for military use, hovercraft and ground-effect vehicles		67
services	69	
Chemical and biological toxic agents, radioactive materials and related equipment, components and materials:	7	
chemical and biological toxic agents, radioactive materials and related equipment, components and materials		70
services	79	
"Energetic materials" (explosives and related propellants):	8	
"energetic materials" (explosives and related propellants)		80
services	89	
Vessels of war, naval gear and equipment and specially-designed components and accessories:	9	
vessels of war, naval gear and equipment and specially-designed components and accessories		90
services	99	
"Aircraft" , " lighter-than-air vehicles " , unmanned airborne vehicles and "aircraft " equipment and components:	10	
airborne and ground-based aircraft equipment and systems and their parts and components and parachutes		100
aero-engines and their parts and accessories		101
aircraft parts and components and related spare parts		102
aircraft protection and gear		103
armed combat aircraft	104	

CML Categories and Subcategories	CML Number (per Decree No. 332/2009 Coll.)	Code for Application
other aircraft		105
unmanned airborne vehicles		106
services		109
Electronic equipment specially designed for military use and its components:		
electronic equipment specially designed for military use and its components	11	110
services		119
Kinetic energy weapon systems and their specially-designed components:		
kinetic energy weapon systems and their specially-designed components	12	120
services		129
Armored or protective equipment, constructions and components:		
armored or protective equipment, constructions and components	13	130
services		139
Specialized equipment for military training or for simulating military scenarios and its specially-designed components:		
specialized equipment for military training or for simulating military scenarios and its specially-designed components	14	140
services		149
Imaging equipment (infrared, thermal imaging, image intensifying and recording equipment) and its components and special notebooks:		
notebooks	15	150
services		159
Forgings, castings and other unfinished parts for any products specified under the following ML categories: 1 - 4, 6, 9, 10, 12 and 19:		
forgings, castings and other unfinished parts for any products specified under the following ML categories: 1 - 4, 6, 9, 10, 12 and 20	16	160
services		169
Miscellaneous equipment, materials and "libraries" - including technical documentation, robots and mobile workshops:		
miscellaneous equipment, materials and "libraries" - including technical documentation, robots and mobile workshops	17	170
services		179
Production equipment for the manufacture of products included on this list:		
production equipment for the manufacture of products included on this list	18	180
services		189
Directed energy weapon systems (DEW):		
directed energy weapon systems	19	190
services		199
Cryogenic and "superconductive" equipment:		
cryogenic and "superconductive" equipment	20	200
services		209
Software:		
software	21	210
services		219
Technologies for the manufacture of products included on this list:		
technologies for the manufacture of products included on this list	22	220
services		229

Licenses for the Export (Sale) of Military Equipment Issued and Used in 2009

Export - Country	No. of Licenses	Licenses Granted		Approx. Value EUR '000's	Use of Licenses		Approx. Value EUR '000's
		Main Military Equipment Categories (SVM)			Main Military Equipment Categories (SVM)		
North Africa	14	6,10,1		11 450	6,10,22,5,1		7 717
Algeria	12	6,10		10 618	6,10,22,5		6 651
Tunisia	2	10,1		832	10,22,1		1 066
Sub-Saharan Africa	32	4,3,1,10,6		6 603	14,4,3,22,1,6,10		9 439
Burkina Faso	1	3		189			0
Ethiopia	1	10		231	14		6 980
South Africa	1	6		0	6		0
Cameroon	21	4,3,1		6 166	4,3,1		2 002
Cape Verde	1	1		8	1		7
Kenya	5	1,3		0	1		0
Nigeria	1	10		5	22,6,10		446
Equatorial Guinea	1	10		4	10		4
North America	120	10,1,6,14,3,21,11,4,15,17,8,2,5		28 866	10,6,1,14,3,22,21,11,4,15,8,17,7,2,5		10 305
Canada	9	1,3,8		1 035	1,3,8		539
USA	111	10,1,6,14,3,21,11,4,15,17,2,5		27 831	10,6,1,14,22,3,21,11,4,15,8,17,7,2,5		9 766
Central America and Caribbean	9	1,13,4,10,3		1 722	13,1,4,11,3		1 196
Costa Rica	1	1		4	1		4
Mexico	8	1,13,4,10,3		1 718	13,1,4,11,3		1 192
South America	13	6,3,8,1,18,4		8 014	6,3,8,18,1,11,4		7 560
Brazil	7	6,18,1		6 396	6,18,1		6 358
Ecuador	2	3		1 406	3		1 015
Chile	1	1		4	1,11		7
Colombia	2	8,1		208	8		176
Paraguay	1	4		0	4		0
Uruguay	0			0	6		4
Central Asia	3	1		29	1,3		27
Kazakhstan	1	1		24	1		22
Kyrgyzstan	2	1		5	1,3		5
Northeast Asia	8	10,18,7,1,17		828	18,10,7,22,1,17		57
China	5	10,18		819	18,10		44

Hong Kong	1	1	1	1	1
Japan	1	7	7	7	7
Republic of Korea	1	17	1	22,17	5
Southeast Asia	73	11,1,6,10,3,18,8,14,7,17	46 923	6,1,10,22,3,11,18,7,17	10 992
Brunei	1	8	20		0
Philippines	5	1	118	1	40
Indonesia	1	8	28		0
Malaysia	4	6,18,7,10	3 500	6,3,18,22,7,10	3 633
Thailand	50	1,10,3,17	7 452	1,10,22,3,17	5 260
Vietnam	12	11,6,10,18,14	35 805	6,10,11,18	2 059
South Asia	59	10,6,3,11,14,18,7,1	95 026	6,10,22,11,18,14,7	33 104
Afghanistan	3	6,10	2 950	6,10	347
Bangladesh	15	10,11	668	10,11	785
India	18	6,10,11,7,1	20 034	6,10,11,7,22	17 097
Nepal	1	6	96	6	33
Pakistan	11	10,3,14,18,11	67 040	10,22,18,14,11	14 289
Sri Lanka	11	6,10	4 238	22,10,6	553
European Union	517	10,3,6,4,11,1,5,21,8,18,7,13,16,15,14,2,12,17,22	155 530	6,10,3,11,4,22,21,8,2,1,18,13,16,17,7,5,15,14	70 823
Belgium	16	3,8,1,18,2,11	1 669	8,3,18,1,2,11,22	1 533
Bulgaria	22	3,6,8,10,1,2,7,4,13	9 482	2,6,10,8,3,7,13,4	1 976
Denmark	2	3,18	468	3,18	438
Estonia	8	10,11,8,7	549	10,8,11,7,3	423
Finland	7	3,1,2	58	3,1,2	54
France	29	10,13,18,3,1,8,11,17,6,15,22	4 439	18,13,10,3,1,6,8,22,11,17	506
Ireland	1	6	16		0
Italy	11	10,3,18,4,8,1,6	10 447	10,3,22,1,18,4,8,6	10 477
Cyprus	1	7	1	7	1
Lithuania	15	3,10,11,1,7,8	2 092	3,10,11,1,7,22	2 375
Latvia	8	10	1 547	10,6	349
Luxembourg	4	1,8	19	1,8	17
Hungary	16	10,6,4,8,3	2 081	10,4,6,8,22	1 529
Malta	4	1	35	1	25
Germany	86	11,10,3,6,8,5,1,7,4,14,16,2,22,17	9 082	11,10,3,6,8,22,7,1,16,2,14,17	8 754
Netherlands	8	18,7,8,1,3,17	128	18,7,3,8,1,17	137
Poland	45	10,6,3,8,11,1,18,16,4,2,22	5 480	10,6,3,11,22,4,8,18,16,1,2	4 502
Portugal	4	3,1	83	3	77
Austria	31	3,4,5,6,16,7,8,1	36 383	3,4,6,22,16,17,7,1,11,8	11 584
Romania	3	3	190	3	193

Greece	3	3,6,8	543	3,6,8	502
Slovakia	152	6,21,10,3,11,1,18,5,15,7,14,8,12,13,4,22,17	33 729	6,21,10,11,3,13,22,5,18,15,1,14,8,7,4,17	21 613
Slovenia	6	3,1,8	216	22,3,1,8,11	1 345
Spain	8	10,1,3,6	28 291	11,10,1,3,6	1 845
Sweden	8	10,18,8,2,3,1	6 182	10,8,18,2,1	322
Great Britain	19	10,6,5,11,3,13,8	2 320	6,10,5,11,13,3,8	246
Other European Countries	63	6,10,1,16,3,18,14,2,15,7,8,11,4	20 979	6,10,3,1,18,7,15,22,8,11,4	6 758
Albania	1	6	0	6	0
Azerbaijan	1	10	867		0
Bosnia and Herzegovina	1	3	26	3	22
Georgia	1	6	3 501	7	40
Croatia	4	3,8	406	3	650
Moldavia	1	3	32	3	14
Norway	9	3,18,4,6,11	1 157	18,3,4,11	72
Russia	11	6,10,2,7,3	6 196	6,10,7	3 218
Switzerland	14	14,10,18,15,8,1,3,6	888	10,18,15,22,8,1,6	248
Turkey	3	6,18,3	264	6,3	195
Ukraine	17	1,16,10,18,6,3	7 642	10,1,6,18,3	2 299
Middle East	88	3,6,2,4,5,14,11,8,10,1,7,15,18,17,22	14 177	6,3,4,14,2,16,5,10,1,11,18,8,15,7,22	17 129
Bahrain	1	3	1	3	0
Egypt	31	6,5,14,11,4,10,7,2,18,8	3 949	6,14,5,11,4,10,18,7,2,8	4 191
Iraq	5	3,1,6	1 104	3,1,22	975
Israel	17	15,2,3,6,18,11,10,22	292	15,18,2,6,22,11,3,10	362
Yemen	3	3,2,4	7 391	6,3,4,2,16,22	10 498
Jordan	9	6,3,1,10,17	317	6,2,1,15	38
Kuwait	2	8	185	8	143
Oman	2	8,3	83	8,3	83
Saudia Arabia	3	7,3,14	4	7,3,14	4
United Arab Emirates	15	3,10,1,4,6,11	851	3,10,1,4,6,11,22	835
Australia and Oceania	3	1	33	1	10
New Zealand	3	1	33	1	10
TOTAL	1 002	10,6,3,11,1,4,5,21,8,14,16,2,18,13,7,15,12,17,22	390 180	6,10,3,11,14,1,22,4,21,2,8,18,16,13,5,7,15,17	175 117

Breakdown of Export Licenses by Type of Military Equipment in 2009

Country	Share (%)	CML (%)	CML (%)	CML (%)	CML (%)
Slovakia	12.35	CML 6 - 68	CML 21 - 11	CML 10 - 8	
India	9.77	CML 6 - 99			
Pakistan	8.16	CML 10 - 92	CML 22 - 5		
Austria	6.62	CML 3 - 54	CML 4 - 22	CML 6 - 10	CML 22 - 6
Yemen	6.00	CML 6 - 52	CML 3 - 22	CML 4 - 11	CML 2 - 8
Italy	5.99	CML 10 - 74	CML 3 - 19	CML 22 - 5	
USA	5.58	CML 10 - 36	CML 6 - 23	CML 1 - 18	CML 14 - 9
Germany	5.00	CML 11 - 89			
Ethiopia	3.99	CML 14 - 100			
Algeria	3.80	CML 6 - 70	CML 10 - 16	CML 22 - 14	
Brazil	3.64	CML 6 - 100			
Thailand	3.01	CML 1 - 74	CML 10 - 14	CML 22 - 7	
Poland	2.58	CML 10 - 35	CML 6 - 25	CML 3 - 18	CML 22 - 7
Egypt	2.40	CML 6 - 37	CML 14 - 32	CML 5 - 11	CML 11 - 6
Malaysia	2.08	CML 6 - 95			
Russia	1.84	CML 6 - 69	CML 10 - 30		
Lithuania	1.36	CML 3 - 79	CML 10 - 16		
Ukraine	1.32	CML 10 - 35	CML 1 - 31	CML 6 - 30	
Vietnam	1.18	CML 6 - 52	CML 10 - 33	CML 11 - 12	
Cameroon	1.15	CML 4 - 56	CML 3 - 35	CML 1 - 8	
Bulgaria	1.13	CML 2 - 50	CML 6 - 35	CML 10 - 11	
Spain	1.06	CML 11 - 31	CML 10 - 30	CML 1 - 26	CML 3 - 14
Belgium	0.88	CML 8 - 52	CML 3 - 47		
Hungary	0.88	CML 10 - 60	CML 6 - 19	CML 4 - 19	
Slovenia	0.77	CML 22 - 87	CML 3 - 9		
Mexico	0.69	CML 13 - 53	CML 1 - 24	CML 4 - 21	
Tunisia	0.61	CML 10 - 68	CML 22 - 32		
Ecuador	0.58	CML 3 - 100			
Iraq	0.56	CML 3 - 73	CML 1 - 27		
United Arab Emirates	0.48	CML 3 - 86	CML 10 - 13		
Bangladesh	0.45	CML 10 - 83	CML 11 - 17		
Croatia	0.38	CML 3 - 100			
Sri Lanka	0.32	CML 22 - 58	CML 10 - 33	CML 6 - 9	
Canada	0.31	CML 1 - 70	CML 3 - 29		
France	0.29	CML 18 - 31	CML 13 - 24	CML 10 - 17	CML 3 - 13
Greece	0.29	CML 3 - 77	CML 6 - 23		
Nigeria	0.26	CML 22 - 89	CML 6 - 9		
Denmark	0.26	CML 3 - 96			
Estonia	0.25	CML 10 - 89	CML 8 - 5		
Israel	0.21	CML 15 - 49	CML 18 - 32	CML 2 - 14	
Latvia	0.20	CML 10 - 98			
Afghanistan	0.20	CML 6 - 100			
Sweden	0.19	CML 10 - 95			
Switzerland	0.15	CML 10 - 44	CML 18 - 20	CML 15 - 14	CML 22 - 12
Great Britain	0.15	CML 6 - 67	CML 10 - 24	CML 5 - 9	
Turkey	0.12	CML 6 - 99			
Romania	0.11	CML 3 - 100			
Colombia	0.11	CML 8 - 100			
Kuwait	0.09	CML 8 - 100			
Netherlands	0.08	CML 18 - 39	CML 7 - 24	CML 3 - 15	CML 8 - 14
Oman	0.05	CML 8 - 94	CML 3 - 6		

Portugal	0.05	CML 3 - 100			
Norway	0.05	CML 18 - 100			
Finland	0.04	CML 3 - 71	CML 1 - 28		
China	0.03	CML 18 - 79	CML 10 - 21		
Georgia	0.03	CML 7 - 100			
Philippines	0.03	CML 1 - 100			
Jordan	0.03	CML 6 - 94			
Nepal	0.02	CML 6 - 100			
Malta	0.02	CML 1 - 100			
Kazakhstan	0.02	CML 1 - 100			
Bosnia and Herzegovina	0.02	CML 3 - 100			
Luxemburg	0.01	CML 1 - 70	CML 8 - 30		
Moldavia	0.01	CML 3 - 100			
New Zealand	0.01	CML 1 - 100			
Chile	0.01	CML 1 - 55	CML 11 - 45		
Japan	0.01	CML 7 - 100			
Cape Verde	0.01	CML 1 - 100			
Korea	0.01	CML 22 - 90	CML 17 - 10		
Kyrgyzstan	0.01	CML 1 - 94	CML 3 - 6		
Uruguay	0.01	CML 6 - 100			
Equatorial Guinea	0.01	CML 10 - 100			
Saudi Arabia	0.01	CML 7 - 100			
Costa Rica	0.01	CML 1 - 100			
Hong Kong	0.01	CML 1 - 100			
Cyprus	0.01	CML 7 - 100			
Bahrain	0.01	CML 3 - 100			
Peru	0.01	CML 4 - 100			
South Africa	0.01	CML 6 - 100			
Kenya	0.01	CML 1 - 100			
Albania	0.01	CML 6 - 100			

Export (Sale) of Selected Military Equipment to Foreign Entities in 2009

Military Equipment (example)	Quantity	Country (key importers)
Revolvers and Pistols		
CZ various models, ALFA revolvers	19.936	Thailand, Mexico, Iraq, Slovakia
Rifles and Carbines		
<i>type 61 machine gun, modified to function as an automatic weapon</i>	815	USA, Luxemburg
Machine Rifles		
<i>type 61 machine gun</i>	348	Slovakia, France
Automatic Weapons		
<i>type 58 automatic rifle, HK G-33, 858 tactical</i>	2189	Cameroon, Austria, Spain
Light Machine Guns		
<i>UK 59, DP 27</i>	141	USA, Germany, Malta, Ukraine
Heavy Machine Guns		
	0	
Tanks		
	0	
Armored Vehicles		
	0	
Large-Caliber Artillery Systems		
<i>2P25 launching system on a GM578 chassis, type 77 howitzer</i>	13	Bulgaria, Germany
Rockets and Missiles, Portable Anti-Tank Rocket Equipment		
	0	
Helicopters		
	0	

In addition, other vehicles were exported, modified as collectables (BRDM, BRDM 2 and OT 64 (armored vehicles); VT 55A and T 34/85 (tanks)).

Utilization of Licenses for the Export (Sale) of Military Equipment in the Period 2003 – 2009

	2009	2008	2007	2006	2005	2004	2003
	(approximate value in EUR '000's)						
North Africa	7 717	17 791	14 650	7 096	3 470	6 043	19 659
Algeria	6 651	17 221	9 339	2 213	2 265	5 292	17 491
Libya		383	2 233	712			
Morocco					362	199	
Tunisia	1 066	187	3 078	4 171	843	552	2 168
Sub-Saharan Africa	9 439	9 394	11 434	1 581	1 683	1 051	2 188
Angola					304		
Chad					3		
Ethiopia	6 980	2 432	7 334	1 015	839	709	307
Ghana			135				
South Africa		26	160			81	
Cameroon	2 002	106					
Cape Verde	7	4	2		5		
Kenya						222	733
Democratic Republic of the Congo							992
Madagascar			37				
Malawi						1	
Mali				3	422		
Nigeria	446	6 532	1 736	539	110	38	156
Equatorial Guinea	4		2 030				
Sudan		294					
Zambia				24			
North America	10 305	10 801	10 636	9 433	13 215	4 668	5 429
Canada	539	433	410	96	207	110	467
USA	9 766	10 368	10 226	9 337	13 008	4 558	4 962
Central America and Caribbean	1 196	3 156	798	221	1 450	212	281
Dominican Republic					33		
Haiti		57					

Honduras		168					
Costa Rica	4	3					
Mexico	1 192	2 928	533	221	1 333	212	281
Panama			265				
Trinidad and Tobago					84		
South America	7 560	1 192	563	1 208	1 907	1 505	615
Brazil	6 358	75	64				
Ecuador	1 015			68	63		
Chile	7	87	62	3		1	243
Colombia	176	815	251	438	1 733	1 424	372
Peru					1		
Uruguay	4	215	186	118	110	80	
Venezuela				581			
Central Asia	27	4	0	324	1 515	1 815	122
Kazakhstan	22			324	1 515	1 685	122
Kyrgyzstan	5	4					
Uzbekistan						130	
Northeast Asia	57	630	299	1 282	2 165	3 038	132
China	44	189		1 166	2 162	3 006	100
China - Hong Kong	1			1			
Japan	7	16	93	81			
Korea	5	67					32
Mongolia		24	4	34	3	31	
Taiwan		334	202			1	
Southeast Asia	10 992	23 129	5 622	5 650	6 032	4 921	5 262
Brunei							
Philippines	40	151	69	19		12	83
Indonesia		19	431	167		625	1 778
Cambodia		29					
Malaysia	3 633	17 306	473	357	21	3	45
Singapore		95		139	15		
Thailand	5 260	4 209	4 277	2 221	2 268	3 146	2 519
Vietnam	2 059	1 320	372	2 747	3 728	1 135	837
South Asia	33 104	41 282	53 423	9 186	5 579	20 791	17 736
Afghanistan	347	520	920	205	355	1 842	
Bangladesh	785	414	326	437	578	1 021	565

India	17 097	20 430	39 457	7 024	3 793	17 240	17 025
Nepal	33						
Pakistan	14 289	9 004	12 697	46	3	2	12
Sri Lanka	553	10 914	23	1 474	850	686	134
European Union	70 823	44 562	41 326	38 639	33 850	30 314	21 043
Belgium	1 533	573	528	257	277	456	179
Bulgaria	1 976	517	182				
Czech Republic			5 454				
Denmark	438	116		4			
Estonia	423	51	4 231	3 158	19	68	29
Finland	54	10	19	72	138	48	85
France	506	1 786	375	216	12	534	248
Cyprus	1			59	488		
Italy	10 477	5 733	226	13			
Lithuania	2 375	445	2 415	435	797	262	1 295
Latvia	349	78	2 486	3 318	606	47	16
Luxemburg	17	184	300	18			
Hungary	1 529	171	1 012	99	1 283	988	2 377
Malta	25	14	26				
Germany	8 754	4 234	5 918	3 865	1 765	3 992	1 466
Netherlands	137	113	232	100	48	33	54
Poland	4 502	7 648	3 149	6 271	4 556	7 424	1 639
Portugal	77	14	28	14	50	7	
Austria	11 584	1 868	2 442	956	7	52	4
Romania	193	175	299				
Greece	502	226	343	361	286	69	21
Slovakia	21 613	18 972	10 696	18 748	21 089	13 085	12 866
Slovenia	1 345	21	19	14	97	64	70
Spain	1 845	1 033	295	206	193	330	325
Sweden	322	247		383	240		334
Great Britain	246	333	651	72	1 899	2 855	35
Other European Countries	6 758	27 795	20 802	9 598	7 734	5 314	3 961
Azerbaijan		466	470	230	717	165	363
Bosnia and Herzegovina	22						
Bulgaria				540	1 622	460	169
Georgia	40	14 023	13 244	6 196	3 264	2 043	1 363

Croatia	650	120	593			96	13
Macedonia		190		68	25	1 148	
Moldavia	14	3	43				
Norway	72	14	544	2			1
Romania				838	207	81	263
Russia	3 218	9 864	3 142	327	1 021	911	1 705
Switzerland	248	2 347	241	66	25	31	82
Turkey	195	251	30	9	41	21	2
Ukraine	2 299	517	2 495	1 322	812	358	
Middle East	17 129	9 872	15 065	8 744	9 456	10 019	6 460
Egypt	4 191	7 124	6 177	4 646	3 443	1 648	854
Iraq	975	962	2 404	38	2 063	2 873	2 286
Israel	382	161	394	261	1 289	821	1 803
Yemen	10 498	1 230	1 854	3 071	4	2 355	
Jordan	38	121	553	299		1	295
Kuwait	143			12	186		
Lebanon					712	342	140
Oman	83				5		
Saudi Arabia	4		2 578		551	957	
United Arab Emirates	835	274	1 105	202	936	1 022	972
Syria				215	267		110
Australia and Oceania	10	6	107	27	2	7	0
Australia		6			2		
New Zealand	10		107	27		7	
TOTAL	175 117	189 614	174 725	92 989	88 058	89 700	82 888

**Exports of Military Equipment Based on Available Data -
Sales to Foreign Entities, 1994-2009
(in EUR millions)**

Year	Total Sales
1994	172
1995	136
1996	103
1997	161
1998	92
1999	89,9
2000	86,7
2001	60,5
2002	77
2003	82,9
2004	89,7
2005	88
2006	92,7
2007	174
2008	189,6
2009	175,1

Licenses for the Import (Purchase) of Military Equipment Issued and Used in 2009

Imports from:	No. of Licenses	Licenses Granted		Use of Licenses	
		Main Military Equipment Categories (CML)	Value EUR '000's	Main Military Equipment Categories (CML)	Used EUR '000's
North Africa	2	10,6	159	6	14
Algeria	1	6	15	6	14
Tunisia	1	10	144		0
Sub-Saharan Africa	3	5,13	39	5,13	85
South Africa	3	5,13	39	5,13	85
North America	177	10,11,5,1,16,15,3,7,14,6,8,4,2,21	25 330	11,10,22,5,1,7,15,3,14,13,4	11 189
Canada	16	11,10,1,3,7	202	22,7,11,3,1,10	745
USA	161	10,11,5,1,16,15,3,7,14,6,8,4,2,21	25 128	11,10,5,1,22,15,7,3,14,13,4	10 444
South America	6	3,6	693	3	705
Brazil	5	3	693	3	705
Peru	1	6	0		0
Central Asia	1	11	329		0
Kyrgyzstan	1	11	329		0
Northeast Asia	1	1	8	22,1	61
China	1	1	8	1	7
Taiwan	0		0	22	54
Southeast Asia	3	13,11	0	13,11	0
Malaysia	1	13	0	13	0
Thailand	2	11	0	11	0
South Asia	4	10,15	69	15	0
Afghanistan	1	10	0		0
Bangladesh	2	10	69		0
India	1	15	0	15	0
European Union	534	6,10,3,4,14,1,11,17,18,16,8,15,2,7,13,5,12	850 236	6,10,3,4,11,1,2,14,8,15,17,18,22,5,13,7,16	137 849
Belgium	19	1,8,3,10,11	2 654	1,8,3,10,11	2 231
Bulgaria	32	6,3,2,8,5,11,1,10	14 834	6,3,8,2,5,11,1,22	6 733
Denmark	5	18,10,11,4	1 876	11	4
Finland	4	6,13	65	6,13	65
France	18	15,10,18,13,5,11	2 273	18,15,10,22,13,5,3	2 388

Italy	16	6,10,3,1	2 892	6,10,3,1,22	5 126
Lithuania	6	10,3	60 278	10,3	4 327
Latvia	5	10	2 932	10	219
Luxemburg	0		0	22	0
Hungary	28	6,3,4,1,8,2,11,10,12	4 197	3,1,2,6,8,11	1 310
Germany	105	4,6,3,18,17,10,11,8,1,15,7,5,2	40 452	4,6,10,11,14,3,1,8,15,17,5,7,22,2	11 681
Netherlands	7	15,13,6,5,1,4	351	15,13,5,1,4	106
Poland	47	3,10,6,4,1,15,2,8,11	34 584	10,6,3,11,15,8,1,22,5,4	4 975
Austria	30	6,3,14,17,1,8,16,2	523 548	6,3,17,1,4,8,16	77 056
Romania	3	1,3,4	3 668	3,1,4	1 219
Greece	1	6	0	6	0
Slovakia	85	6,3,10,4,2,11,7,8,17,13,5	13 193	6,2,3,10,7,18,17,8,13,5,11,22	7 339
Spain	13	10,16,3,18,1,6,4	126 688	10,1,3,6	2 994
Sweden	19	6,3,4,14,8,15,5,1,2	7 697	3,14,4,11,22,15,8,5,1	3 762
Great Britain	91	11,6,1,10,15,7,4,3,13,16,18	8 054	11,6,10,15,7,4,1,22,3,13,18	6 314
Other European Countries	151	10,3,11,6,5,17,1,8,15,4,12	40 838	10,3,22,11,1,4,15,5,6,17,7,2,12	26 996
Albania	2	3,8	3 339		0
Bosnia and Herzegovina	2	3	947	3	1 530
Croatia	2	1	29	1	0
Norway	18	3,11,5,15	12 790	3,11,15,5	4 538
Russia	77	10,11,6,5	15 264	10,22,11,6,5	16 689
Serbia	3	3,1,4	579	1,4,3	1 612
Switzerland	26	3,17,8,10,5,11,1,4,12	671	3,17,7,10,5,11,1,2,4,12	244
Turkey	0		0	1	3
Ukraine	21	10,3,6,11,1	7 219	10,22,6,1,11	2 380
Middle East	29	10,13,11,1,21,15,3,5,4,6	3 172	10,13,11,22,6,1,21,3,15,5	2 680
Israel	28	10,13,11,1,21,15,3,5,6,4	3 172	10,13,11,22,6,1,21,3,15,5	2 680
Saudi Arabia	1	1	0		0
Australia and Oceania	0		0	6	0
New Zealand	0		0	6	0
TOTAL	911	6,10,3,4,14,11,1,17,18,16,5,15,8,13,2,7,12,21	920 873	6,10,3,11,4,22,1,2,15,14,8,5,13,17,18,7,21,12,16	179 579

Breakdown of Import Licenses by Type of Military Equipment in 2009

Country	Share (%)	CML (%)	CML (%)	CML (%)	CML (%)
Austria	42.91	CML 6 - 93	CML 3 - 5		
Russia	9.30	CML 10 - 82	CML 22 - 17		
Germany	6.51	CML 4 - 52	CML 6 - 22	CML 10 - 6	CML 11 - 5
USA	5.82	CML 11 - 50	CML 10 - 36	CML 5 - 5	
Slovakia	4.09	CML 6 - 45	CML 2 - 25	CML 3 - 18	CML 10 - 8
Bulgaria	3.75	CML 6 - 45	CML 3 - 44		
Great Britain	3.52	CML 11 - 71	CML 6 - 13	CML 10 - 8	
Italy	2.86	CML 6 - 90	CML 10 - 9		
Poland	2.78	CML 10 - 58	CML 6 - 32	CML 3 - 5	
Norway	2.53	CML 3 - 62	CML 11 - 21	CML 15 - 10	CML 5 - 8
Lithuania	2.41	CML 10 - 100			
Sweden	2.10	CML 3 - 34	CML 14 - 31	CML 4 - 22	CML 11 - 7
Spain	1.67	CML 10 - 100			
Israel	1.50	CML 10 - 41	CML 13 - 31	CML 11 - 12	CML 22 - 9
France	1.33	CML 18 - 28	CML 15 - 25	CML 10 - 22	CML 22 - 15
Ukraine	1.33	CML 10 - 52	CML 22 - 38	CML 6 - 6	
Belgium	1.25	CML 1 - 52	CML 8 - 28	CML 3 - 18	
Serbia	0.90	CML 1 - 50	CML 4 - 48		
Bosnia and Herzegovina	0.86	CML 3 - 100			
Hungary	0.73	CML 3 - 44	CML 1 - 27	CML 2 - 12	CML 8 - 7
Romania	0.68	CML 3 - 48	CML 1 - 41	CML 4 - 12	
Canada	0.42	CML 22 - 51	CML 7 - 31	CML 11 - 9	CML 3 - 5
Brazil	0.40	CML 3 - 100			
Switzerland	0.14	CML 3 - 42	CML 17 - 21	CML 7 - 19	CML 10 - 7
Latvia	0.13	CML 10 - 100			
Netherlands	0.06	CML 15 - 74	CML 13 - 17	CML 5 - 9	
South Africa	0.05	CML 5 - 88	CML 13 - 12		
Finland	0.04	CML 6 - 89	CML 13 - 11		
Taiwan	0.04	CML 22 - 100			
Algeria	0.01	CML 6 - 100			
China	0.01	CML 1 - 100			
Denmark	0.01	CML 11 - 100			
Turkey	0.01	CML 1 - 100			
Croatia	0.01	CML 1 - 100			
Malaysia	0.01	CML 13 - 100			
Thailand	0.01	CML 11 - 100			
India	0.01	CML 15 - 100			
New Zealand	0.01	CML 6 - 100			
Luxemburg	0.01	CML 22 - 100			
Greece	0.01	CML 6 - 100			

Import (Purchase) of Selected Military Equipment from Foreign Entities in 2009

Military Equipment (example)	Quantity	Country (key exporters)
Revolvers and Pistols		
GLOCK (various models)	1 318	Austria
Rifles and Carbines		
<i>Mannlicher 90 and 95/34; rifles: CZ type 24, M4, Enfield</i>	786	Germany, Italy, Poland
Machine Rifles		
<i>Beretta 38A, HK (various types)</i>	118	Austria, Germany
Automatic Weapons		
<i>HK G 36, M4A1</i>	63	Germany, Canada
Light Machine Guns		
<i>MINIMI, M 53/42, ZB 37, KPT, type 52</i>	305	Serbia, Belgium, Austria, Hungary
Heavy Machine Guns		
<i>KPVT, MR-30.RE, GS-23L</i>	965	Hungary, Serbia
Tanks		
<i>T-72, VT-55</i>	69	Slovakia, Poland
Armored Vehicles		
<i>IVECO, BRDM-2, OT 90, BVP</i>	131	Austria, Slovakia, Poland
Large-Caliber Artillery Systems		
<i>RM-70 and D-30 howitzers</i>	36	Slovakia
Rockets and Missiles, Portable Anti-Tank Rocket Equipment		
<i>SPIKE (PTRK)</i>	23	Germany
Aircraft		
	0	

**Imports of Military Equipment Based on Available Data -
Purchases from Foreign Entities, 1994-2009
(in EUR millions)**

Year	Total Purchases
1994	39
1995	44
1996	30,5
1997	29,3
1998	38,8
1999	102,3
2000	150,5
2001	113,3
2002	92
2003	120,4
2004	125
2005	726,8
2006	93
2007	193
2008	106,7
2009	179,6

Licenses Issued and Utilized for Import and the Subsequent Re-Export of Military Equipment in Q4 2009

Import (I) (by country)	Export (E) (by country)	No. of Licenses	Licenses Granted		Use of Licenses			
			Main Military Equipment Categories (CML)	Value (E) EUR '000's	Value (I) EUR '000's	Main Military Equipment Categories (CML)	Use (E) EUR '000's	Use (E) EUR '000's
North America		4	11,7	94	127		0	0
USA	Poland	3	11	91	116		0	0
USA	Slovakia	1	7	3	11		0	0
European Union		4	6,10	472	555		0	0
Bulgaria	Bangladesh	2	6	225	308		0	0
Romania	Latvia	1	10	239	239		0	0
Slovakia	Bangladesh	1	10	8	8		0	0
Other European Countries		3	10	96	131		0	0
Russia	Egypt	1	10	30	42		0	0
Russia	Slovakia	1	10	9	9		0	0
Ukraine	Bangladesh	1	10	57	80		0	0
TOTAL		11	11,7,6,10	662	813		0	0

Permits to Engage in the Foreign Trade in Military Equipment in 2009

Number of Permit Applications Submitted	46
Number of Decisions Issued	46
-- negative decisions	0
Number of Cancelled Permits	0

Number of Permit Change Applications Submitted	63
Number of Permit Change Decisions Issued	64

Number of Permit Holders (end of 2009)	161
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Number of Permit Holders (end of 2008)	157
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