

ANNUAL REPORT
ON EXPORT
CONTROL
OF MILITARY
EQUIPMENT AND
SMALL ARMS FOR
CIVILIAN USE
IN THE CZECH
REPUBLIC
IN 2004

Annual Report
on Export Control of Military Equipment
and Small Arms for Civilian Use
in the Czech Republic in 2004

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1 — EXPORT CONTROL OF MILITARY EQUIPMENT IN THE CZECH REPUBLIC

1.1 Export Control of Military Equipment – Its Main Objectives¹

The Czech Republic (and, formerly, Czechoslovakia) is a traditional manufacturer and exporter of arms. The Czech Government permits the export of limited quantities of conventional arms (military equipment² – to be more precise) for economic reasons as well as for reasons related to foreign policy, security, and national defence interests. However, the Czech Republic as a developed democratic country recognizes its responsibility for ensuring that exported goods are not subject of uncontrolled proliferation, are not used for illegitimate purposes, and do not fall into the wrong hands (terrorists, illegal armed groups, etc.). Additionally, it takes measures to prevent exports that could contribute to the escalation of external or internal conflicts, could be misused for violations of human rights, or put in jeopardy the security interests of its allies and friends. Recognizing its responsibility, the Czech Republic has gradually developed its own control system.

A milestone in this process was the adoption of *Act No. 38/1994 Coll. on Foreign Trade in Military Equipment*.³ The Act is still in force. However, in 2004 preparatory works on its modernisation were launched. Another important stimulus for the forming of the Czech control system was the adoption of the criteria of the *European Union Code of Conduct on Exports of Military Equipment*.⁴ The Code was originally agreed in 1998 among the EU Member States as a politically binding document setting up common minimum standards for export control with the aim to harmonise their national policies. The Czech Republic endorsed the Code's principles immediately after the then-candidate countries had been invited to do so. Since then, it has been bound by all of the political principles of the Code (the eight criteria that must be considered when processing an individual application). Nevertheless, some Operative provisions of the Code (such as mutual notification of denials) became fully applicable only after the Czech Republic's accession to the European Union in May 2004.

1.2 Fifth Anniversary of Publishing of Data on Arms Exports from the Czech Republic

Simultaneously to the process of defining the principles and instruments of the national export control system, the Czech Government has been promoting transparency of its policy in this area. The National Security Council, the government's consultative body on security issues, decided in November 2000 to publish an annual *Information on Import, Export, and Possession*

¹ This report does not cover export control of 'dual-use goods' (see also Section 3.3). The export of weapons of mass destruction is prohibited in the Czech Republic (*Act No. 38/1998*).

² For the definition of 'military equipment', see Section 1.4.

³ The full title of the Act is: *Act No. 38/1994 Coll. on Foreign Trade in Military Equipment and on Amendment to Act No. 455/1991 Coll. on Trades (Trades Licensing Act), as Amended, and Act No. 140/1961 Coll., the Criminal Code, as Amended.*

⁴ See Section 2.1.

of *Small Arms and Light Weapons in the Czech Republic*' (Resolution No. 138). The first such "Information" was made public in 2001 (reporting on the year 2000). In 2002 and 2003 two subsequent "Informations" followed. They were posted on the website of the Ministry of Foreign Affairs (www.mzv.cz/kontrolaexportu) after their approval by the government.

Although the above mentioned "Informations" represented a breakthrough in improving transparency of government authorities towards the public, their scope was limited to only one category of military equipment, i.e. small arms and light weapons. Therefore, in 2004 it was decided to publish a national annual report covering exports of all military equipment in a given period, whereby the quantity and quality of provided information would correspond to broadly shared standards within the European Union. Entitled "*Control of Exports in the Czech Republic in 2003*", the first report of this kind was published in December 2004 (covering the year of 2003).⁵

This report relates to the year of 2004. It is the fifth report concerning the control of exports of sensitive goods. Similarly to the previous year, it covers exports of military equipment as well as small arms and ammunition for so-called "civilian use" (i.e. firearms for self defence, sport, hobby, hunting and other purposes of this kind).

The report published last year to a large extent followed in form the abovementioned "Informations". However, the statistics and explanations provided were already based on the methodology applied for common annual reports adopted each year by the EU Member States (see also Section 2.1). It offered to a broad public statistics on numbers and the value of export licenses issued in 2003, broken down by countries of final destination. It should be underlined that it also contained an overview of actual exports and a list of denied applications. It is also important that the provided figures were broken down not only by countries of final destination, but also by eight basic categories of military material,⁶ under which exports were registered in the database of the Licensing Authority of the Ministry of Industry and Trade.

The 2004 report builds upon the same structure. It again provides figures on licenses granted as well as on actual exports because we believe that both figures are necessary to understand actual developments in export control policy *vis à vis* a given country.⁷ However, the statistics covering the year of 2004 employ a somewhat modified format which we believe to be more reader-friendly (see Appendix).

⁵ The Czech and English versions are available at www.mzv.cz/kontrolaexportu.

⁶ The report did not use the 22 categories of military equipment as defined by the Wassenaar Arrangement and the EU Common Military List, but only eight basic categories of "arms groups". The reasons were purely of a technical nature, as the data had been registered according to these "arms groups" in the database of the Licensing Authority.

⁷ It should be recognized that licenses are usually granted for a period exceeding one year, and that not all licenses are used. For this reason, the value of licenses granted and the value of actual exports in a given year may vary substantially.

Publishing its first report last year, the Czech Republic was the first of the new EU Member States to produce such a document. This year's report (concerning export control in 2004) represents an integral part of a continuous policy of the Czech Government. Nonetheless, since both these reports are the first two documents of this kind, the figures concerning export control in 2004 (2003) are supplemented by tables providing data on the overall developments in foreign trade in military material over recent years to enable the reader to better understand long-term trends of arms transfers, and to outline a broader context in which control policy of the Czech Government is functioning.

In addition to publishing its own national report, the Czech Republic has also contributed to the sixth and seventh annual common report of the European Union. Publication of both the national and EU annual reports is in accordance with operative Provision No. 8 of the Code of Conduct (see also Section 2.1).

The Czech Government considers the publication of the national report and its contribution to the EU annual document to be one of key measures for promoting transparency of its control policy. It is also an important tool to ensure that the Czech Republic is considered to be a reliable partner by the other EU Member States, as well as by its allies, friends, other nations, and, last but not least, by the broader domestic and international public interested in this field.

1.3 General Framework of the Control Regime in the Czech Republic

Foreign trade in military equipment is regulated by the *Act No. 38/1994 Coll. on Foreign Trade in Military Equipment*, as amended (further "Act"). This Act stipulates the procedures for issuing permits to engage in foreign trade in military equipment and conditions under which an export license can be granted (and subsequently used). It is also the basis for the overall control of exports of military material (including sanctions for its violations). Additionally, the Act defines the tasks and roles of the responsible governmental authorities with regards to the related administrative proceedings.

It is the Ministry of Industry and Trade which is responsible for the control of foreign trade in military equipment. For this purpose it has established the Licensing Authority. The Licensing Authority conducts (on behalf of the Ministry of Industry and Trade) all administrative proceedings related to issuing of permits to engage in foreign trade in military equipment,

granting of licenses, as well as revoking those permits and licenses. Additionally, the Licensing Authority conducts proceedings concerning violations of the laws and regulations.

The Act also stipulates the tasks of the other responsible ministries, namely those of the Ministry of Foreign Affairs (granting or denying consent to an application from the viewpoint of foreign policy interests and commitments of the Czech Republic) and that of the Ministry of Interior (security related questions). If the intended transfer of military material involves significant military equipment, the transaction is also analysed by the Ministry of Defence against the background of its potential consequences for military security.

During 2004, work continued on the preparation of amendments to the Act. In October 2004, the National Security Council approved a document named "*Draft Proposals for Amending the Act No. 38/1994 Coll. on Foreign Trade in Military Equipment*". In January 2005, the material was submitted to the Czech Government which decided that the Act be amended (Resolution No. 14).

1.4 Basic Principles of the Czech Export Control System ⁸

The system of export control in the Czech Republic is based on a two-step approach. It means that:

- 1) A company may engage in foreign trade in military equipment, including conducting marketing activities, entering into contacts and negotiations with foreign partners, and other similar activities only after having received a *permit to engage in foreign trade in military equipment*.
- 2) To carry out a specific transaction a permit holder has to apply for a *license*.

Ad 1) According to the legislation, a transaction concerning military equipment may be carried out solely by holders of the abovementioned *permits*. The holder of such a permit must be a legal entity with permanent residence on the territory of the Czech Republic. Each permit identifies categories of military equipment that its holder may trade (those categories are listed in the relevant regulation of the Ministry of Industry and Trade⁹). At the same time, it also lists countries where such trading activity may be carried out. Permits are issued by the Licensing Authority only after consent has been granted by the Ministry of Foreign Affairs and the Ministry of Interior (and, if applicable, the Ministry of Defence). They are valid for a limited time period (five years at a maximum). When a permit has expired, its holder has to apply for a new one.

⁸ The Act has not so far been modified substantially. The only important amendment adopted in 2004 (Act No. 357/2004 Coll.) allows the Ministry of Defence and the Ministry of Interior to conduct transactions in military equipment on behalf of the Czech Republic if such transactions are required to secure "*defence and security interests of the Czech Republic provided such transactions have been approved by the Czech Government and the counterpart involved in those transactions is a government of another state*". An important amendment to Act No. 38/1994 Coll. adopted earlier was Act No. 310/2002 Coll., which defines the role of the National Security Authority in the process of granting permission to engage in foreign trade in military equipment.

⁹ Ministry of Industry and Trade Regulation No. 89/1994 Coll. Implementing Certain Provisions of Act No. 38/1994 Coll. on Foreign Trade in Military Equipment, as Amended, and on Addition to Act No. 455/1991 Coll. on Trades (Trades Licensing Act), as Amended, and Act No. 140/1961 Coll., the Criminal Code, as Amended.

Ad 2) To be allowed to conduct a concrete export of military equipment, an exporter (a permit holder) must apply for an export license. A license may be issued solely for a single specific transaction. In other words, a permit holder may complete any particular transaction only after having received the appropriate license. A granted license is valid for a restricted time period. It defines the quantity of transferred goods as well as the conditions of their transfer. Following an application, the Licensing Authority grants a license only after it has received the consent of the abovementioned ministries. A license is denied if the applicant does not meet the requirements set out in the Act or if it contradicts foreign policy, national security and business interests of the Czech Republic.¹⁰

An application for a license must be submitted to the Licensing Authority together with all the documents required by the Act. The Act stipulates that a clear description of the whole transaction in question be submitted (including *inter alia* information on the end user, consignees involved in it, the exported military goods). The application must be supplemented by all the documents relevant for assessing all relevant aspects of the transaction, namely by an end user certificate. It is the prerogative of the Licensing Authority to request any additional information indispensable for reaching a final decision.

1.5 Cooperation between Export Control Authorities and the Public

During 2004, several events were organized by the Czech competent authorities in order to disseminate information on export control among those interested in this field. At these events, representatives of the media and non-governmental sector as well as representatives of the business community were updated on the new principles and procedures for export control following the adaptation of the national system to the high standards of the EU. On 9 April 2004, a one-day seminar "Control of Arms Trade in the Czech Republic on the Threshold of the European Union" was organized by the Ministry of Foreign Affairs together with the Czech office of Transparency International. On 25 November 2004, a one-day conference was organized by the Association of the Defence Industry of the Czech Republic in cooperation with the Ministry of Foreign Affairs for military material dealers and manufacturers who are active in the Czech Republic.

¹⁰ When considering exports of significant military equipment, exporters may ask for a "preliminary consent". However, such a decision is of a preliminary nature and does not oblige the authorities to grant a license should an application be submitted later on.

2 — EUROPEAN UNION

2.1 European Union Code of Conduct on Arms Exports

The *European Union Code of Conduct on Arms Exports* is a politically binding document defining the basic criteria for assessing applications for export of military equipment.¹¹ The Code was adopted in December 1998 with the aim to harmonise control policies in the EU Member States. The history of its functioning clearly shows that it has been a very successful instrument in this regard.

To grant or deny a license concerning a specific transaction involving military equipment remains fully under the jurisdiction of the individual Member States. However, before reaching the final decision, competent authorities are obliged to consider eight commonly agreed criteria:

1. International commitments of the Member States (sanctions declared by the UN Security Council and by the European Community, agreements on non-proliferation etc.),
2. Respect for human rights in the country of final destination,
3. Internal situation in the country of final destination,
4. Preservation of regional peace, security and stability,
5. National security of the Member States and of the territories whose external relations are the responsibility of a Member State, as well as of friendly and allied countries,
6. Behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances, and respect for international law,
7. Existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions,
8. Compatibility of the arms export with the technical and economic capacity of the receiving country.

Following these criteria, the competent authorities consider whether a submitted application is consistent with or in contradiction to them. If the latter is the case, the application should be denied. Thus, the eight criteria represent a set of minimum standards that must be met in military equipment export.

¹¹ The Czech version of the Code is available on the MFA website (www.mzv.cz/kontrolaexportu).

However, the Code does not consist only of the abovementioned politically binding criteria. It also encompasses twelve operative provisions. These operative provisions have enabled the Code to become the basis for a highly effective export control system and to reach standards that have no precedence elsewhere in the world. One of the most important operative provisions is Provision No. 3 which outlines the basic framework for mutual exchange of information and consultations among the Member States regarding denied transactions. Each Member State that has denied a transaction will notify others of its denial using standardised procedures. Before any state Member State grants a license which has been denied by another Member State or States for “*an essentially identical transaction*” within the last three years, it will first consult the Member State or States which issued the denial(s). If, following the consultations, the Member State nevertheless decides to grant a license, it will notify the Member State or States having issued the denial(s), giving a detailed explanation of its reasoning. It is obvious that mutual consultations conducted in accordance with this provision have greatly contributed to the harmonisation of national control policies of the Member States.

Another important operative provision (No. 8) has provided an impetus for the publishing of reports on arms exports from the Member States. Last year, the Czech Republic was among those newly acceded countries that contributed to the (6th) EU annual report (concerning the year 2003).¹² In addition, the Czech Republic was the first new Member State to publish its national report (see Section 1.2).

2.2 Review of the Code – COARM

In accordance with the operative provisions of the Code, the Member States continuously explore the possibilities for its further strengthening. This process is carried out within the framework of the deliberations of the Council Working Group on Conventional Arms Exports (COARM). In 2003, the discussions focused on brokering,¹³ the definition of the EU Common Military List,¹⁴ and further development of the system of mutual notification of denials.¹⁵

¹² Operative Provision No. 8 specifies that “*Each EU Member State will circulate to other EU Partners in confidence an annual report on its defence exports and on its implementation of the Code. These reports will be discussed at an annual meeting held within the framework of the CFSP...*” whereby a consolidated report, based on the contributions from the Member States, will be submitted to the Council.

¹³ Council Common Position 2003/468/CFSP of 23 June 2003 on the control of arms brokering

¹⁴ Common Military List of the European Union (adopted by EU the Council on 17 November 2003) – published in EU Official Journal (2003/C314/01).

¹⁵ Further information on COARM proceedings in 2003 may be found in the 5th annual EU report published in the EU Official Journal (C320). An electronic version of this document is available on the official EU website (www.europa.eu.int).

In 2004, the Member States moved on to a review of the eight criteria and the operative provisions of the Code. Therefore, the deliberations of COARM were primarily aimed at the modernisation of the Code. Moreover, the Member States launched discussions on a common interpretation of the individual criteria. The first criterion under scrutiny was the 'development criterion' (the compatibility of the arms exports with the technical and economic capacity of the receiving country). Work on 'best practice' for the interpretation of criterion No. 8 continued throughout the whole year and extended into 2005. Similarly, discussions on the revision of the Code continued during this year. Building on experience from the previous years, COARM representatives exchanged information on the control policies of the Member States *vis-à-vis* third countries. On 1 May 2004, representatives from the newly acceded Member States became full-fledged participants at COARM meetings (until then, they had had a status of "active observers").

An important subject of COARM activities was the cooperation of the Member States with third countries. The objective of these "outreach activities" was to promote the basic principles of the Code among the competent authorities of these countries, and to assist local governments in their efforts to develop their own national export control systems and to make them compatible with the high standards of the EU. In 2004, particular attention was paid to the candidate states as well as to the Southeast and East European countries. The Czech Republic took part in these activities and organised – in cooperation with the Netherlands (the then-Presidency of the EU) – a two-day "*Seminar on the Application of the Code of Conduct on Arms Exports*" for candidate countries (Bulgaria, Croatia, Romania, and Turkey) and Norway (which officially endorsed the principles of the Code). This event took place in Prague on 16 and 17 December 2004.

The COARM activities in 2004 are described in (6th) EU annual common report which was approved by the Council on 24 December 2004, and subsequently published in the EU Official Journal (OJ/C316/01). It also provides an overview of all adopted decisions.

3 — INTERNATIONAL COOPERATION

3.1 United Nations

In December 1991, the United Nations General Assembly adopted a resolution urging member states to report both their exports and imports of major conventional weapons. Based on this resolution, the *Registry of Conventional Arms* was established on 1 January 1992. At present, the Registry covers seven basic categories of conventional arms.¹⁶ As of today, 167 countries have reported to the UN Registry (on a regular or one-time basis). The Czech Republic reports every year.

Throughout 2004, the main activities of the UN continued to focus on small arms and light weapons within the framework of the *United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects*. In accordance with this programme, much effort was devoted to the issue of marking and tracking of arms (for details see Section 5).

3.2 International Export Control Regimes – General Information

International export control regimes comprise of five international arrangements that include some forty developed countries. The primary objective of these regimes is to eliminate security risks stemming *inter alia* from: (1) proliferation of weapons of mass destruction (WMD) and dual-use goods, (2) destabilizing accumulation of conventional arms in some countries or regions, and (3) misuse of arms (including WMDs) by terrorists.

According to their main goals, the control regimes may be structured as follows:

- *The Zangger Committee* and *The Nuclear Suppliers Group* that are active in the area of non-proliferation of nuclear arms,
- *The Australia Group* for non-proliferation of chemical and biological weapons,
- *The Missile Technology Control Regime* for missiles capable of delivering WMDs,¹⁷
- *The Wassenaar Arrangement* for conventional arms and dual-use goods.

Even though activities carried out by most of the international control regimes are not derived from international treaties (with the exception of the Zangger Committee whose functioning is anchored in the *Treaty on the Non-Proliferation of Nuclear Weapons*), their aim is to assist in ensuring compliance with all the obligations which the participating states have taken on themselves under legally binding instruments of the United Nations, namely concerning the non-

¹⁶ The categories are as follows: battle tanks, armored combat vehicles, heavy artillery, combat aircraft, attack helicopters, warships, and missiles/missile launchers.

¹⁷ *The Hague Code of Conduct (HCOC)* is a politically binding document on the non-proliferation of ballistic missiles adopted in 2002. This document sets out confidence-building measures in this field.

proliferation of weapons of mass destructions (see below). In this regard, they support and reinforce the whole system of the United Nations basic instruments. The Czech Republic is a party to all control regimes.

In 2004, the adoption of UN Security Council *Resolution 1540 on Non-proliferation of Weapons of Mass Destruction* was an important impetus for the ongoing activities of the existing control regimes. Their participants expressed full support for this resolution and subsequently engaged in intensive discussions on controls of transit, transshipment and brokering. They also debated ways and means of how to assist other countries in its implementation. At the present time, the abovementioned controls are based on customs regulation and vary substantially among individual states. The same applies to their respective legislation. For this reason, the EU initiated an analysis of the current situation in the Member States with the aim to find an effective system.

3.3 Control of Dual-Use Goods in the European Union and the Czech Republic

EU Member States have harmonised their control policies of dual-use goods. The main instrument is *EC Regulation No. 1334/2000* which sets up a Community regime for the control of exports of dual-use goods and technologies. It is legally binding on all Member States. A list of controlled items is annexed to the Regulation. The list is regularly amended following developments in the respective international control regimes. In the Czech Republic, the EC regulation is implemented by *Act No. 594/2004 Coll.*, which came into force on 3 December 2004.

3.4 Zangger Committee

Named after its first chairman, *the Zangger Committee (ZC)* was established in the 1970s in accordance with the *Treaty on the Non-Proliferation of Nuclear Weapons (NPT)*. Using the so-called *Trigger List*, the committee defines the meaning of the term "equipment and materials especially designed or prepared for reprocessing, use or production of special fissionable material". Against this background, the ZC exercises control of exports and other transfers of such equipment and materials. The ZC represents the only existing control regime which is recognised worldwide due to the fact that its legal basis is derived from the NPT.

3.5 Nuclear Suppliers Group

The main goal of *The Nuclear Suppliers Group* (NSG) is to strengthen control over of nuclear weapons in accordance with the NPT. Responding to the threat of nuclear terrorism as well as to violations of the NPT by some states, the NSG focused its activities in 2004 on reinforcing its status as a group of nations which have voluntarily agreed to apply common rules of export control of nuclear materials and dual-use goods. The commonly shared objective is to prevent the manufacturing of nuclear weapons. In May 2004, the NSG was joined by China, Estonia, Lithuania, and Malta. During this year, the Czech Republic was still a member of the Troika (past, present, and future presidency). The Troika focused on the deepening of dialogue with the third countries. In April, it paid the first official visit to India. By the end of 2004, Israel and Pakistan voluntarily took on obligations stemming from NSG membership, even though neither country can join the group because it is not a party to the NPT.

3.6 Australia Group

The *Australia Group* (AG) was created in 1985 following an initiative of the Australian Government. This initiative responded to the violations of the 1925 Geneva Protocol involving the use of chemical weapons during the armed conflict between Iran and Iraq. Originally the AG set up a control regime for chemical materials which can be used for the production of chemical weapons. However, in 1980 the members of the AG decided to extend its control list to also include key items for the production of biological systems and technologies. In June 2004, a plenary meeting of the AG was held in Paris (with the participation of the Czech Republic). On this occasion, additional measures to increase the effectiveness of this control regime were discussed.

3.7 Missile Technology Control Regime

The Missile Technology Control Regime (MTCR) is an arrangement created in 1987 in reaction to a situation of a growing danger of proliferation of missile technologies. This control

regime represents a set of measures related to missile production technologies. It also extends its focus to all devices and components which are necessary for developing and manufacturing of missiles systems capable of delivering WMDs. Therefore, the control list does not only contain complete missile systems and subsystems, but also materials and devices that can be used in their production and servicing (special construction materials, fuel, engines, testing equipment, detectors, etc.). The 18th MTCR plenary meeting was held in Seoul in October 2004. The discussions in 2004 focused on the exchange of information. Several resolutions were adopted with the aim of strengthening the control system. The Czech Republic has been active in the efforts to enhance the MTCR membership. The important task is to ensure that all the new EU Member States become full-fledged members of this regime. This objective, however, was not reached in 2004.

3.8 Wassenaar Arrangement

The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (WA) was founded in 1995.¹⁸ It targets a wide range of conventional arms and dual-use goods (i.e. items mainly designed to be used in industrial applications, but which may be used for the indigenous development, production, use or enhancement of military capabilities). Thus, the WA has the broadest portfolio of all the control regimes. This portfolio is defined by (1) *the Munitions List* (covering conventional military equipment), and (2) *the List of Dual-Use Goods and Technologies* (items not included in the control lists of the other control regimes).¹⁹ Activities carried out by the WA are based on the exchange of general information on international trade in strategic goods (including global developments in arms trade, security situation in certain regions, suspect trade activities etc.), but also on transactions with third countries in defined categories (including denial notifications). In 2004, the WA mainly focused on the implementation of decisions adopted in 2003. Special attention was paid to night vision technologies. In 2004, the WA consisted of 39 countries that are major manufacturers and exporters of arms. The Czech Republic expressed full support for the accession of all the new EU Member States. However, only Slovenia was admitted that year.

¹⁸ See also www.wassenaar.org.

¹⁹ Both lists are fully compatible with the EU ones.

4 — INTERNATIONAL EMBARGOES

Throughout 2004, the Czech Republic fully observed all international embargoes that were in force (imposed on 15 countries). Frequently, several international organisations impose their embargos on a given country. The EU is involved in most cases. An overview of the embargoes that are currently in force can be found at www.mzv.cz/kontrolaexportu.

In 2004, the EU lifted its embargo against Libya after the Member States came to the conclusion that the reasons for its existence were no longer valid. The EU also engaged in discussions regarding the EU embargo on China that was declared in 1989 by the European Council following the violent suppression of student protests on Tiananmen Square. This declaration left the responsibility for its implementation with the Member States themselves. The Czech Republic clearly declared its position: not to allow any exports of lethal weapons or shipments that could contribute to the build up of Chinese military capabilities (especially advanced technologies). Consequently, the Czech Government allows only limited exports of some categories of military equipment. In December 2004, the Heads of States and Governments of the Member States declared their readiness to adopt a decision concerning the lifting of the embargo provided this decision does not result in a quantitative and qualitative increase of exports to China. From the Czech point of view, this future decision relates to both political questions (concerning not only EU relations with China, but also relations with other countries) and exports control ones. The export control questions include the strengthening of the Code and other measures.

Together with other countries, the Czech Republic has contributed to defining of a set of measures for post embargo situations, including a specific regime of information exchange among the Member States. These measures continued to be discussed in 2005.

5 — UNITED NATIONS PROGRAMME OF ACTION ON SMALL ARMS AND LIGHT WEAPONS

As in the previous years, the main activities of the United Nations in 2004 were aimed at combating the proliferation of small arms and light weapons (SALWs) within the framework of the *United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All its Aspects* (further 'the UN Programme of Action'). Adopted in 2001, the UN Programme of Action outlines the objectives of the international community planned for the period until 2006, when a conference will be held in order to review how these objectives have been implemented. The UN Programme of Action stipulates concrete obligations of the UN Member States as well as mechanisms for improving of SALW export control that have to be introduced by 2006, which should be considered as its major advantage. The whole set of measures can be structured according to the corresponding level of implementation:

At the *national* level, the objectives of the UN Programme of Action include the adoption and full implementation of legislative standards concerning *inter alia*:

1. control of production, exports and imports of SALWs,
2. record-keeping and tracing of SALWs,
3. disposal of surplus SALWs.

Measures at the *regional* level are mainly voluntary and are aimed at increasing mutual transparency. They can also include regionally based moratoria on manufacturing, exporting and importing of SALWs in order to prevent their destabilising accumulation in the most affected areas.

Activities carried out at the *global* level consist mainly of cooperation on combating the illicit trade in SALWs. Some measures support efforts of the international community in crisis management and prevention of conflicts in which SALWs are misused. Of primary importance are projects for demobilisation, demilitarisation, disarmament and re-integration of ex-combatants. The disposal of surplus SALWs in conflict areas is an indispensable part of these activities.

In 2004, the Czech Republic continued to implement all the objectives related to the national level of the UN Action Programme, including legislative measures.²⁰ At the regional and global level, it continued to support all initiatives for increasing mutual transparency and establishing globally applicable standards. The Czech commitment in this field was highlighted by its voluntary contribution of CZK 2.5 million (approx, USD 100,000) to the Trust Fund of the United Nations Department for Disarmament Affairs (UNDDA).

²⁰ The report on the implementation of the UN Programme of Action in the Czech Republic is available at <http://disarmament.un.org>.

In the framework of the UN Programme of Action, discussions were launched on creating a mechanism for tracing of illicit SALWs. An open-ended working group was established to prepare a document. These discussions continued in 2005, when the final document was approved by the 60th General Assembly. Its implementation in the Czech Republic will be ensured in cooperation of the Czech Police, the Czech Proof House for Firearms and Ammunition, the Ministry of Foreign Affairs, and other ministries and authorities responsible for this area.

6 — EXPORT CONTROL OF SMALL ARMS FOR 'CIVILIAN USE'

In 2004, foreign trade in SALWs for “civilian use”, i.e. firearms designed for self-defence, sport, hobby and hunting, was regulated by the *Act No. 62/2000 Coll. on Measures Related to Export, Import, and Licensing of Certain Products*.²¹ Contrary to the two-step system governing the SALWs designated as military material (see Section 1.4), a single-stage approach applies to the export control regime concerning SALWs for civilian use.

The control of foreign trade in firearms for civilian use was based on the obligation to apply for a “security license” for every transaction.²² Licenses are issued by the Licensing Authority of the Ministry of Industry and Trade. An application for a license must provide all necessary information on the intended transaction, including details on the foreign contractual partner, the quantity of exported arms etc. An application is denied if there is a security risk (including risk of uncontrolled proliferation).

The background of the export control of firearms for civilian use extends to regulations concerning their marking and record-keeping. The *Act No. 156/2000 Dig., on the Proof of Firearms, Ammunition and Pyrotechnic Objects* stipulates that all firearms within the territory of the Czech Republic must be marked. They are marked either during their manufacturing or after they have been imported.²³ It means that any firearm may be put on the market only after having been proofed and marked. Marking and proofing is the responsibility of the *Czech Proof House for Firearms and Ammunition*. In addition, the Czech legislation requires that only a person with an arms possession permit may possess a firearm. At the same time, all firearms must be registered at the local department of the Czech Police. Therefore, these registries keep records of all firearms that are subject to the relevant legislation.²⁴

Firearms intended for export and import may be transported over the territory of the Czech Republic only on the basis of a special permit granted by the local department of the Czech Police. This permit is issued following an application submitted by the exporter or importer. A prerequisite for submitting such an application, however, is a “security license” granted by the Licensing Authority. The control of transports is regulated by the abovementioned *Act No. 119/2002*.

²¹ In 2005, this Act was replaced by *Act No. 228/2005 Coll. on Control of Trade in Products whose Possession is Regulated in the Czech Republic for Security Reasons*.

²² The new act employs the term 'permit'.

²³ **Firearms for civilian use** are marked in accordance with the *Agreement on Mutual Recognition of Markings of Firearms* to which the Czech Republic acceded in 1969. Every firearm must bear a mark, the name or code of the person submitting the firearm to the proofing authority, a serial number etc. This data must be marked at least on one of the main parts of the firearm. The serial number must be marked on its barrel, frame and breech. The marking by a manufacturer must be completed during the production, usually before the final assembly. The *Czech Proof House for Firearms and Ammunition* furnishes the firearm in question with a national proof-mark. An importer must submit every unmarked weapon to the *Czech Proof House for Firearms and Ammunition*.

²⁴ *Act No. 119/2000 Dig., on firearms*.



APPENDIX 1

STATISTICS

1 – EXPLANATION NOTES

The following ten tables provide a detailed overview of the functioning of the system of export control of military equipment in the Czech Republic in 2004, i.e. the year of accession to the European Union. They also provide important data concerning small arms for civilian use (see Chapter 6).

TABLE 1

contains information regarding the import of military equipment in 2004. It is based on the same methodology as Table 2.

TABLE 2

Contains information on granted (and used) export licenses, their number and value. The data are broken down by countries of final destination and by categories of military equipment. This approach is based on the methodology used in the EU common annual reports published on the basis of Operative Provision No.8 of the EU Code of Conduct (see Part I). Military equipment in Table 2 is broken down by 24 categories according to the Czech list of military equipment (CME) based on a valid Regulation. This list has a little bit different structure than the EU Military List (ML). For quick orientation, a conversion table is attached.

TABLE 3

offers a comparison of actual export of military equipment in 2003 and 2004.

TABLE 4 and TABLE 5

provide detailed information on exports and imports of military equipment in 2004 in the commodities that are of a major concern of control regimes.

TABLE 6

provides a statistics of applications granted during the last six years.

TABLE 7

informs about applications which were denied for reasons of "foreign policy interests" as regulated by the *Act No. 38/1994 Coll. on Foreign Trade in Military Equipment*. Member States of the European Union were only notified of some of these denials, which reflects the fact that the Czech Republic has been a member of the European Union since 1 May 2004.

TABLE 8 and TABLE 9

contain information regarding small arms for civilian use (see Chapter 6).

TABLE 10

just like TABLE 6, completes the picture of control policy in 2004 by looking at long-term trends. However, unlike TABLE 6, which informed about the number of licences issued, TABLE 6 informs about the actual export/sale of military equipment from the Czech Republic (Czechoslovakia).

TABLE 1

Number of issued and used licences for import of military equipment in 2004

	Licences issued			Licences used	
	Number of issued licences	Category of Military Equipment (CME)	Value thous. of EUR	Category of Military Equipment (CME)	Value thous. of EUR
North Africa	1		0		0
Sub-Saharan Africa	1	5	6	5	6
South Africa	1	5	6	5	6
North America	128	1,3,7,10,11,15,24	15 605	1,3,7,10,11,15,24	6 584
Canada	11	1,3	511	1,3	139
United States	117	1,7,10,11,15,24	15 094	1,7,10,11,15,24	6 445
Central America and the Caribbean	0		0		0
South America	0		0		0
Central Asia	0		0		0
North East Asia	0		0		0
South East Asia	1		0		0
India	3		0	0	0
South Asia	3		0		0
European Union	292	1,2,3,4,5,6,7,8,10,11,13,15,17,18,19,22,24	57 635	1,2,3,4,5,6,7,8,10,11,15,17,18,19,22,24	73 784
Austria	11	1,3,4,5,8,18,22	2 848	1,4,5,22	2 045
Belgium	12	1,3,8,15,18,24	5 462	1,3,8,15,24	3 382
Denmark	6	10	24	10	24
Finland	6	3,4,6,8	3 958	6,8	85
France	32	3,10,11,13,15,24	15 242	10,11,15,24	13 095
Germany	76	1,3,4,5,6,8,10,11,15,17	15 756	1,3,4,5,6,8,10,11,15,17,24	14 451
Hungary	10	3,6,10,24	583	3,6,10,24	657
Italy	4	1,11,24	2 614	1,5,24	32 440
Latvia	3	10	23	10	301
Lithuania	1	10	614	10,24	732
Luxembourg	3	7	8	7	8
Netherlands	1	24	0	15	547
Poland	14	1,3,6,11,24	2 461	1,5,6,24	1 046
Slovakia	50	1,3,4,6,7,8,10,11,17,24	1 635	1,6,8,10,11,17,24	1 248
Slovenia	0		0	6	26
Spain	1	3	2		0
Sweden	6	10,15	124	10,15	121
United Kingdom	53	1,2,6,7,10,11,15,18,19,24	6 281	2,6,7,10,11,15,18,19	3 576
Other European countries	100	1,2,3,4,5,6,7,10,11,15,17,24	8 771	1,2,3,4,5,6,7,10,11,15,17,24	7 998
Bosnia and Herzegovina	1	3	48	3	48
Bulgaria	9	1,2,3,6,24	1 151	1,2,4,24	431
Croatia	1	6	18		0
Norway	4	3,15	86	15	77
Romania	2	1,10	669	1,10	632
Russian Federation	40	1,4,10,24	3 611	1,4,10,24	3 291
Switzerland	21	1,5,7,15,17,24	496	1,5,7,15,17,24	542
Ukraine	22	1,6,10,11,24	2 692	1,6,10,11,24	2 977
Middle East	15	6,11,13,24	1 750	5,6,13,15	36 658
Israel	13	6,11,13,24	1 734	5,6,13,15	36 643
Oman	1	6	16	6	15
Oceania	0		0		0
Total	541	1,2,3,4,5,6,7,8,10,11,13,15,17,18,19,22,24	83 768	1,2,3,4,5,6,7,8,10,11,13,15,17,18,19,22,24	125 030

TABLE 2

Number of issued and used licences for export of military equipment in 2004

	Licences issued			Licences used		
	Number of issued licences	Category of Military Equipment (CME)	Value thous. of EUR	Category of Military Equipment (CME)	Value thous. of EUR	
North Africa	20	3,10,24	8 664	3,6,10,24	6 043	
Algeria	13	10,24	6 077	6,10,24	5 292	
Morocco	1	3	207	3	199	
Tunisia	6	10,24	2 380	10,24	552	
Sub-Saharan Africa	18	1,3,6,10	1 141	1,3,6,10,24	1 053	
Angola	2	1,3	75		0	
Congo (Democratic Republic of)	1	6	15		0	
Ethiopia	4	6,10	537	6,10,24	709	
Kenya	2	1	257	1	222	
Malawi	0		0	3	1	
Nigeria	2	10	123	10	38	
Senegal	1	1	2	1	2	
South Africa	6	1,10	132	1,10	81	
North America	53	1,2,3,6,10,11,14,17,21,24	12 946	1,2,3,5,6,10,14,17,21,24	4 668	
Canada	10	1,2,3,6	483	1,3	110	
United States	43	1,2,3,6,10,11,14,17,21,24	12 463	1,2,3,5,6,10,14,17,21,24	4 558	
Central America and the Caribbean	6	1,3,10	275	1,10	212	
Dominican Republic	2	1,3	49		0	
Mexico	4	1,10	226	1,10	212	
South America	16	1,3,6,7,17	1 796	1,3,17	1 505	
Argentina	1	1	0		0	
Chile	4	3	4	1	1	
Colombia	5	1,3	1 629	1,3	1 424	
Peru	1	7	38		0	
Uruguay	3	6,17	120	17	80	
Venezuela	2	1	5		0	
Central Asia	6	1,3,10,14	1 672	1,10,14,24	1 815	
Kazakhstan	4	1,3,14	1 529	1,14,24	1 685	
Uzbekistan	2	10	143	10	130	
North East Asia	12	1,3,5,10	18 969	1,3,10	3 038	
China (Mainland)	7	5,10	18 934	10	3 006	
Japan	1	8	0		0	
Mongolia	3	1,3	34	1,3	31	
Taiwan	1	1	1	1	1	
South East Asia	41	1,2,3,6,8,10,11,24	5 285	1,2,3,6,8,10,11,24	4 921	
Indonesia	4	2,6,11	609	1,2,6,11	625	
Malaysia	3	1	3	1	3	
Philippines	0		0	1,3	12	
Thailand	29	1,3,8,10,24	1 206	1,3,8,10,24	3 146	
Vietnam	5	1,6,10	3 467	1,10	1 135	
South Asia	142	1,3,4,6,10,11,18,24	20 938	1,3,6,10,11,18,24	20 791	
Afghanistan	8	1,3,4	2 116	1,3	1 842	
Bangladesh	9	3,10,11	226	10,11,24	1 021	
India	91	3,6,11	17 191	3,6	17 240	
Pakistan	1	18	2	18	2	
Sri Lanka	33	3,6,10,11,24	1 403	3,6,10,11,24	686	

	Licences issued			Licences used	
	Number of issued licences	Category of Military Equipment (CME)	Value	Category of Military Equipment (CME)	Value
			thous. of EUR		thous. of EUR
European Union	350	1,2,3,4,5,6,7,8,10,11,15,16,17,18,24	26 718	1,2,3,4,5,6,7,8,10,11,14,15,16,18,24	30 314
Austria	3	1,3,7	70	1,7	52
Belgium	7	1,3,8,17	591	1,3,5,8	456
Cyprus	1	3	0		0
Estonia	5	3,4,7,10	70	3,7,10	68
Finland	3	1,6	50	1,6	48
France	11	3,5,8	482	3,5,8	534
Germany	61	1,3,6,7,8,10,11,15,24	2 587	1,3,5,6,7,10,11,14,15,24	3 992
Greece	3	6,7,8	154	6,7	69
Hungary	14	4,7,10,18,24	1 712	4,7,10,18,24	988
Latvia	5	4,7	47	4,7	47
Lithuania	10	3,7,8,10	584	3,7,8,10	262
Netherlands	3	2,3,10	36	2,3,10	33
Poland	41	3,4,6,8,10,11,15,18,24	5 327	4,6,8,10,11,15,18,24	7 424
Portugal	3	3,11	52	3,11	7
Slovakia	151	1,2,3,4,5,6,8,10,11,16,24	11 681	1,2,3,4,5,6,8,10,11,16,24	13 085
Slovenia	2	7,11	74	7,11	64
Spain	6	3,10	334	3,10	330
Sweden	1	3	4		0
United Kingdom	20	2,3,4,6,8,10	2 863	2,3,4,6,8,10	2 855
Other European countries	58	1,2,3,4,6,7,8,10,18,24	8 756	1,2,3,4,6,7,8,10,18,24	5 314
Azerbaijan	1	10	175	10	165
Bosnia and Herzegovina	2	1	102		0
Bulgaria	12	3,4,7,8,10,24	2 489	3,4,7,8,10	460
Croatia	3	3,18	98	3,18	96
Georgia	9	1,2,3,10,18	3 501	2,3,10	2 043
Macedonia (Former Yugoslav Republic of)	6	1,4,24	543	1,3,24	1 148
Norway	1	3	0		0
Romania	3	7,8	82	7,8	81
Russian Federation	9	1,10	1 182	10	911
Switzerland	6	6,8,18,24	62	6,8,24	31
Turkey	1	7	20	1,7	21
Ukraine	5	1,3,10	502	1,3,10	358
Middle East	67	1,3,5,6,7,10,11,13,24	16 501	1,3,5,6,7,8,10,13,24	10 019
Egypt	19	1,5,6,7,10,11,24	3 480	1,5,6,7,10,24	1 648
Iraq	9	3,13	6 006	1,3,13	2 873
Israel	7	6,10,24	94	1,6,8,10,24	821
Jordan	1	3	324	3	1
Kuwait	1	3	190		0
Lebanon	3	1,3	1 094	1	342
Oman	1	6	0		0
Saudi Arabia	4	1,3	1 542	3	957
Syria	1	10	0		0
United Arab Emirates	15	1,3,6	1 450	1,3,6	1 022
Yemen	6	6	2 321	5,6	2 355
Oceania	2	1	3	1	7
New Zealand	2	1	3	1	7
Total	791	1,2,3,4,5,6,7,8,10,11,13,14,15,16,17,18,21,24	123 664	1,2,3,4,5,6,7,8,10,11,13,14,15,16,17,18,21,24	89 700

TABLE 3

Value of exports of military equipment in 2003–2004

	2004	2003
	in thousands of EUR	
North Africa	6043	19659
Algeria	5292	17491
Morocco	199	0
Tunisia	552	2168
Sub-Saharan Africa	1053	2188
Congo (Democratic Republic of)	0	992
Ethiopia	709	307
Kenya	222	733
Malawi	1	0
Nigeria	38	156
South Africa	81	0
North America	4668	5429
Canada	110	467
United States	4558	4962
Central America and the Caribbean	212	281
Mexico	212	281
South America	1505	615
Chile	1	243
Colombia	1424	372
Uruguay	80	0
Central Asia	1815	122
Kazakhstan	1685	122
Uzbekistan	130	0
North East Asia	3038	132
China (Mainland)	3006	100
Korea (Democratic Republic of)	0	32
Mongolia	31	0
Taiwan	1	0
South East Asia	4921	5262
Indonesia	625	1778
Malaysia	3	45
Philippines	12	83
Thailand	3146	2519
Vietnam	1135	837
South Asia	20791	17736
Afghanistan	1842	0
Bangladesh	1021	565
India	17240	17025
Pakistan	2	12
Sri Lanka	686	134

	2004	2003
	in thousands of EUR	
European Union	30314	21043
Austria	52	4
Belgium	456	179
Estonia	68	29
Finland	48	85
France	534	248
Germany	3992	1466
Greece	69	21
Hungary	988	2377
Latvia	47	16
Lithuania	262	1295
Netherlands	33	54
Poland	7424	1639
Portugal	7	0
Slovakia	13085	12866
Slovenia	64	70
Spain	330	325
Sweden	0	334
United Kingdom	2855	35
Other European countries	5314	3961
Azerbaijan	165	363
Bulgaria	460	169
Croatia	96	13
Georgia	2043	1363
Macedonia (Former Yugoslav Republic of)	1148	0
Norway	0	1
Romania	81	263
Russian Federation	911	1705
Switzerland	31	82
Turkey	21	2
Ukraine	358	0
Middle East	10019	6460
Egypt	1648	854
Iraq	2873	2286
Israel	821	1803
Jordan	1	295
Lebanon	342	140
Saudi Arabia	957	0
Syria	0	110
United Arab Emirates	1022	972
Yemen	2355	0
Oceania	7	0
New Zealand	7	0
Total	89700	82888

TABLE 4

Exports of selected military equipment from the Czech Republic in 2004

Military equipment (for example)	Quantity	Destination (most important)
Revolvers and pistols (CZ different types, Makarov PM, Alfa-Proj A.T.C. model 5, Kevin ZP 98, Heckler a Koch USP)	18 505	Austria, Colombia, Egypt, Iraq, Kazakhstan, Kenya, Lebanon, Mexico, Republic of South Africa, Thailand, Turkey, Ukraine, USA, Vietnam
Rifles and carbines (CZ 750 Sniper, Sig Sauer SSG-3000, ZVI Falcon OP 99)	40	Afghanistan, Kazakhstan, Macedonia, Slovakia
Submachine guns (CZ 75 AUTO, CZ Škorpion, CZ type 26, Špagin PPS 43)	250	Afghanistan, Belgium, Canada, the Netherlands
Self-loading rifles (CZ. type 58)	22 554	Afghanistan, Belgium, Canada, Indonesia, Philippines, USA
Light machine guns (UK type 59, PKT)	86	Republic of South Africa, Slovakia
Heavy machine guns (KPVt)	60	Slovakia
MANPADS (IGLA 9M342)	31	United Kingdom
Large calibre artillery systems (122 mm rocket launcher type 70)	4	Georgia, Indonesia
Aircrafts (L 29, L 39, SU 25K, MiG 23)	13	Republic of South Africa, USA
Helicopters (Mi 24D)	1	Israel

This table does not include exports of modified vehicles and aircrafts purchased by private collectors (for example T 72 tank to United Kingdom, fighter aircraft MiG 23 to the Netherlands).

TABLE 5

Imports of selected military equipment into the Czech Republic in 2004

Category of military equipment (for example)	Quantity	Country of origin (most important)
Revolvers and pistols (Colt 1903, Colt 1911, Glock 19, Makarov PM, Mauser C 96, Smith&Wesson mod. 10, Tokarev 1933, Walther P 38, Walther PPK)	1 365	Austria, Bulgaria, Germany, Ukraine, USA
Rifles and carbines (Dragunov, Mauser, Mosin, Simonov, Tokarev – different types, Sig Sauer SSG 3000)	2 686	Canada, Germany, Ukraine
Submachine guns (Heckler a Koch, Thompson, Špagin, Beretta – different models, M56)	924	Canada, Germany, Poland, Ukraine
Self-loading rifles (Steyr AUG, Heckler Koch G36, Kalašnikov AK 47, FN FNC)	25	Austria, Belgium, Germany
Light machine guns (Browning, Děkřarjev, Maxim – different models, M53)	276	Canada, Slovakia, Ukraine
Heavy machine guns (Browning M2HB)	40	Canada
Anti-aircraft artillery systems (ZU-23-2)	2	Bulgaria
MANPADS (IGLA 9M342)	31	Russia
Tanks (T 55)	90	Hungary

TABLE 6

Number of export licences granted under Act No. 38/1994 on foreign trade with arms

Year	Number of licences issued
1999	1008
2000	985
2001	10471
2002	990
2003	1232
2004	1332

TABLE 7

Number of licences denied in accordance with art. 18/c, of Act No. 38/1994 on foreign trade with arms in 2004

Country	Number of denials	Comments
Afghanistan	2	
Ethiopia	3	
Indonesia	6	1 denial (notified as a denial in the EU under the Code of Conduct)
Iraq	1	
Namibia	1	
Nigeria	1	
Pakistan	2	

TABLE 8

Production of small arms and light weapons in 2004

Pistols	34 386
Automatic guns	2 512
Others	8

TABLE 9

Refused applications for export of small arms for civil use (notified as denials)

Country	Number
Uganda	1

TABLE 10

Trends in exports of military equipment

Year	Value of exports in mil. of EUR
1987	602
1988	496
1989	443
1990	239
1991	177
1992	133
1993	148
1994	172
1995	136
1996	103
1997	161
1998	92
1999	90
2000	87
2001	60
2002	77
2003	83
2004	90

Conversion of categories of Czech Republic military list (CME)
and the EU common military list (ML)

CME		ML
CME 1	Smooth-boreweapons with a calibre of less than 20 mm, other arms and automatic weapons with a calibre of 12,7 mm and specially designed components therefor.	ML 1
CME 2	Smooth-boreweapons with a calibre of 20 mm or more, other weapons or armament with a calibre greater than 12,7 mm and with specially designed components therefor.	ML 2
CME 3	Ammunition and fuze setting devices, and specially designed components therefor.	ML 3
CME 4	Bombs, torpedoes, rockets, missiles, other explosive devices and specially designed components therefor.	ML 4
CME 5	Fire control, and related alerting and warning equipment and specially designed components and accessories therefor.	ML 5
CME 6	Ground vehicles and components.	ML 6
CME 7	Chemical or biological toxic agents, radioactive materials and related equipment.	ML 7
CME 8	Military explosives and energetic materials and related substances.	ML 8
CME 9	Vessels of war, special naval equipment and accessories, and components therefor.	ML 9
CME 10	Military aircrafts and helicopters, aero-engines and aircraft equipment specially designed for military use.	ML 10
CME 11	Electronic equipment specially designed for military use.	ML 11
CME 12	Photographic and electro-optical equipment specially designed for military use.	ML 15
CME 13	Armoured or protective equipment, constructions and components.	ML 13
CME 14	Specialised equipment for military training or for simulating military scenarios.	ML 14
CME 15	Military infrared, thermal imagin and imagine intensifier equipment, specially designed for military use.	ML 15
CME 16	Forgings, castings and other unfinished products specially designed for military use.	ML 16
CME 17	Miscellaneous equipment, materials and libraries, and specially designed components therefor.	ML 17
CME 18	Equipment for the production.	ML 18
	Technology for the development, production or use.	ML 22
CME 19	Cryogenic and superconductive equipment, and specially designed components and accessories therefor.	ML 20
CME 20	Electrically triggered shutters of the photochromic or electro-optical type.	ML 15
CME 21	Directed energy weapon systems (DEW), related or countermeasure equipment and test models, and specially designed components therefor.	ML 19
CME 22	Software specially designed or modified for the development production.	ML 21
CME 23	High velocity kinetic energy weapon systems and related equipment, and specially designed components therefor.	ML 12
CME 24	Services.	ML 22



APPENDIX 2

GRAPHIC

ILLUSTRATION

OF MAIN TRENDS

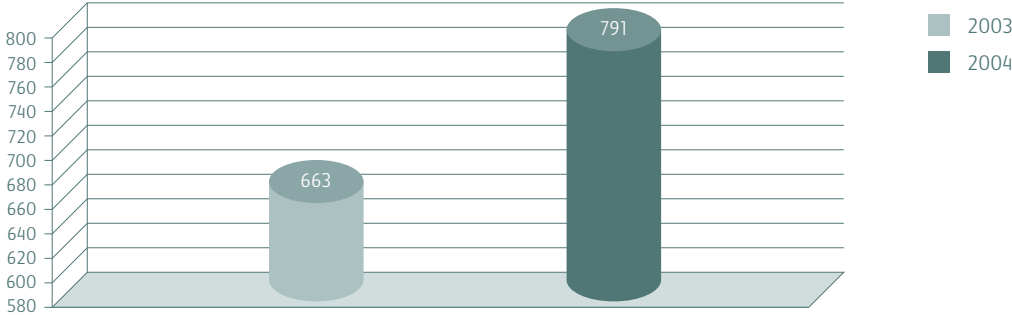
IN MILITARY

EXPORT FROM THE

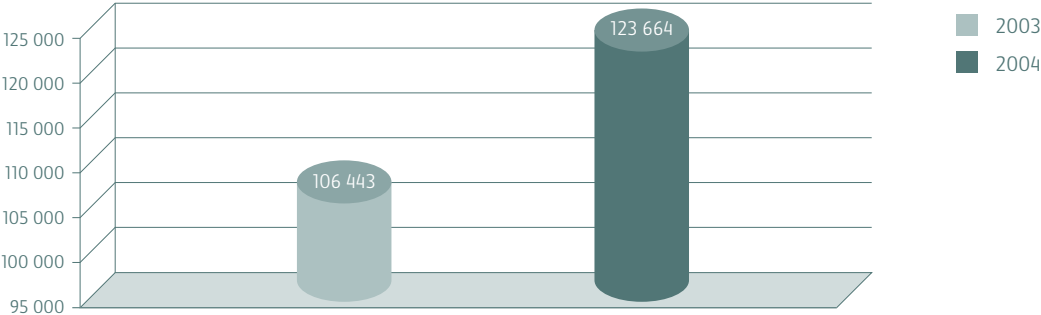
CZECH REPUBLIC

2- GRAPHIC ILLUSTRATION OF MAIN TRENDS IN MILITARY EXPORT FROM THE CZECH REPUBLIC

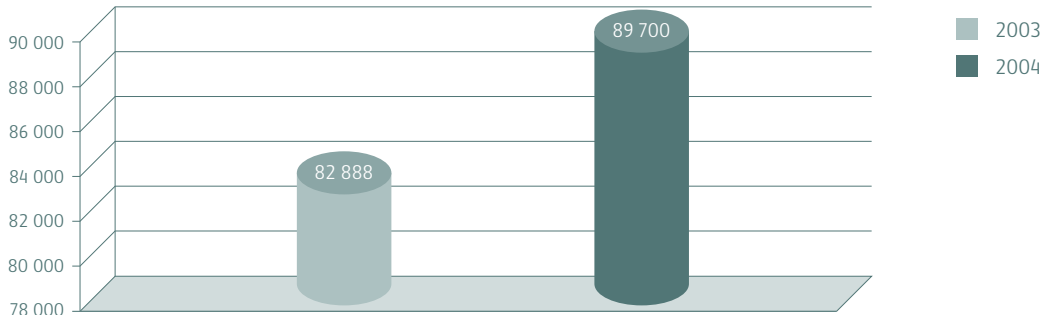
Number of licenses granted in 2003 and 2004



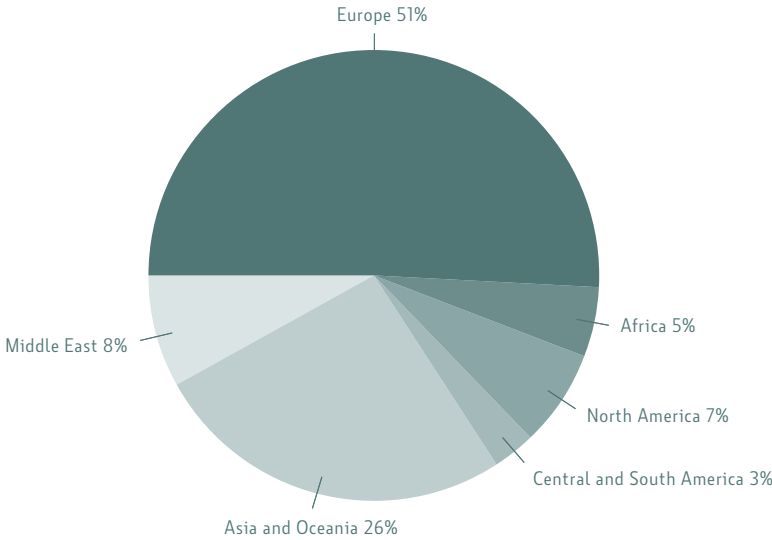
Value of licenses granted in 2003 and 2004 (thousands of EUR)



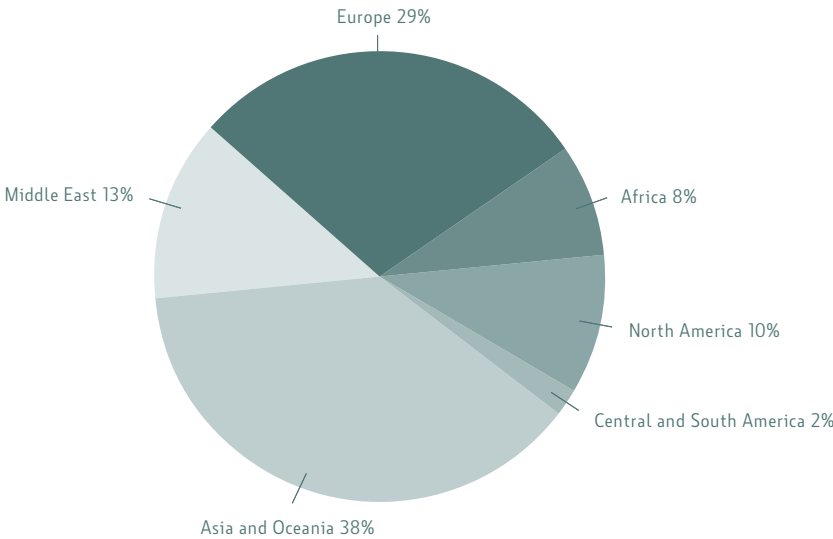
Actual exports in 2003 and 2004 (thousands of EUR)



Number of licenses granted in 2004 broken down by territories



Value of licenses granted in 2004 broken down by territories





APPENDIX 3

EU CODE OF CONDUCT ON ARMS EXPORTS

3– EU CODE OF CONDUCT ON ARMS EXPORTS

The Council of the European Union,

BUILDING on the Common Criteria agreed at the Luxembourg and Lisbon European Councils in 1991 and 1992,

RECOGNISING the special responsibility of arms exporting states,

DETERMINED to set high common standards which should be regarded as the minimum for the management of, and restraint in, conventional arms transfers by all EU Member States, and to strengthen the exchange of relevant information with a view to achieving greater transparency,

DETERMINED to prevent the export of equipment which might be used for internal repression or international aggression, or contribute to regional instability,

WISHING within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of conventional arms exports,

NOTING complementary measures taken by the EU against illicit transfers, in the form of the EU Programme for Preventing and Combating Illicit Trafficking in Conventional Arms,

ACKNOWLEDGING the wish of EU Member States to maintain a defence industry as part of their industrial base as well as their defence effort,

RECOGNISING that states have a right to transfer the means of self-defence, consistent with the right of self-defence recognised by the UN Charter, have adopted the following Code of Conduct and operative provisions:

CRITERION ONE

Respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on nonproliferation and other subjects, as well as other international obligations

An export licence should be refused if approval would be inconsistent with, inter alia:

- a) the international obligations of member states and their commitments to enforce UN, OSCE and EU arms embargoes;

- b) the international obligations of member states under the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention;
- c) their commitments in the frameworks of the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group and the Wassenaar Arrangement;
- d) their commitment not to export any form of anti-personnel landmine.

CRITERION TWO

The respect of human rights in the country of final destination

Having assessed the recipient country's attitude towards relevant principles established by international human rights instruments, Member States will:

- a) not issue an export licence if there is a clear risk that the proposed export might be used for internal repression.
- b) exercise special caution and vigilance in issuing licences, on a case-by-case basis and taking account of the nature of the equipment, to countries where serious violations of human rights have been established by the competent bodies of the UN, the Council of Europe or by the EU;

For these purposes, equipment which might be used for internal repression will include, inter alia, equipment where there is evidence of the use of this or similar equipment for internal repression by the proposed end-user, or where there is reason to believe that the equipment will be diverted from its stated end-use or end-user and used for internal repression. In line with operative paragraph 1 of this Code, the nature of the equipment will be considered carefully, particularly if it is intended for internal security purposes.

Internal repression includes, inter alia, torture and other cruel, inhuman and degrading treatment or punishment, summary or arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.

CRITERION THREE

The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts

Member States will not allow exports which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.

CRITERION FOUR

Preservation of regional peace, security and stability

Member States will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim. When considering these risks, EU Member States will take into account inter alia:

- a) the existence or likelihood of armed conflict between the recipient and another country;
- b) a claim against the territory of a neighbouring country which the recipient has in the past tried or threatened to pursue by means of force;
- c) whether the equipment would be likely to be used other than for the legitimate national security and defence of the recipient;
- d) the need not to affect adversely regional stability in any significant way.

CRITERION FIVE

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

Member States will take into account:

- a) the potential effect of the proposed export on their defence and security interests and those of friends, allies and other member states, while recognising that this factor cannot affect consideration of the criteria on respect of human rights and on regional peace, security and stability;
- b) the risk of use of the goods concerned against their forces or those of friends, allies or other member states;
- c) the risk of reverse engineering or unintended technology transfer.

CRITERION SIX

The behaviour of the buyer country with regard to the international community, as regards in particular to its attitude to terrorism, the nature of its alliances and respect for international law

Member States will take into account inter alia the record of the buyer country with regard to:

- a) its support or encouragement of terrorism and international organised crime;
- b) its compliance with its international commitments, in particular on the non-use of force, including under international humanitarian law applicable to international and non-international conflicts;
- c) its commitment to non-proliferation and other areas of arms control and disarmament, in particular the signature, ratification and implementation of relevant arms control and disarmament conventions referred to in sub-para b) of Criterion One.

CRITERION SEVEN

The existence of a risk that the equipment will be diverted within the buyer country or reexported under undesirable conditions

In assessing the impact of the proposed export on the importing country and the risk that exported goods might be diverted to an undesirable end-user, the following will be considered:

- a) the legitimate defence and domestic security interests of the recipient country, including any involvement in UN or other peace-keeping activity;
- b) the technical capability of the recipient country to use the equipment;
- c) the capability of the recipient country to exert effective export controls;
- d) the risk of the arms being re-exported or diverted to terrorist organisations (antiterrorist equipment would need particularly careful consideration in this context).

CRITERION EIGHT

The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources

Member States will take into account, in the light of information from relevant sources such as UNDP, World Bank, IMF and OECD reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They will consider in this context the recipient country's relative levels of military and social expenditure, taking into account also any EU or bilateral aid.

OPERATIVE PROVISIONS

1. Each EU Member State will assess export licence applications for military equipment made to it on a case-by-case basis against the provisions of the Code of Conduct.
2. This Code will not infringe on the right of Member States to operate more restrictive national policies.
3. EU Member States will circulate through diplomatic channels details of licences refused in accordance with the Code of Conduct for military equipment together with an explanation of why the licence has been refused. The details to be notified are set out in the form of a draft pro-forma at Annex A. Before any Member State grants a licence which has been denied by another Member State or States for an essentially identical transaction within the last three years, it will first consult the Member State or States which issued the denial(s). If following consultations, the Member State nevertheless decides to grant a licence, it will notify the Member State or States issuing the denial(s), giving a detailed explanation of its reasoning.

The decision to transfer or deny the transfer of any item of military equipment will remain at the national discretion of each Member State. A denial of a licence is understood to take place when the member state has refused to authorise the actual sale or physical export of the item of military equipment concerned, where a sale would otherwise have come about, or the conclusion of the relevant contract. For these purposes, a notifiable denial may, in accordance with national procedures, include denial of permission to start negotiations or a negative response to a formal initial enquiry about a specific order.

4. EU Member States will keep such denials and consultations confidential and not to use them for commercial advantage.
5. EU Member States will work for the early adoption of a common list of military equipment covered by the Code, based on similar national and international lists. Until then, the Code will operate on the basis of national control lists incorporating where appropriate elements from relevant international lists.
6. The criteria in this Code and the consultation procedure provided for by paragraph 3 of the operative provisions will also apply to dual-use goods as specified in Annex 1 of Council Decision 94/942/CFSP as amended, where there are grounds for believing that the end-user of such goods will be the armed forces or internal security forces or similar entities in the recipient country.
7. In order to maximise the efficiency of this Code, EU Member States will work within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of conventional arms exports.
8. Each EU Member State will circulate to other EU Partners in confidence an annual report on its defence exports and on its implementation of the Code. These reports will be discussed at an annual meeting held within the framework of the CFSP. The meeting will also review the operation of the Code, identify any improvements which need to be made and submit to the Council a consolidated report, based on contributions from Member States.
9. EU Member States will, as appropriate, assess jointly through the CFSP framework the situation of potential or actual recipients of arms exports from EU Member States, in the light of the principles and criteria of the Code of Conduct.
10. It is recognised that Member States, where appropriate, may also take into account the effect of proposed exports on their economic, social, commercial and industrial interests, but that these factors will not affect the application of the above criteria.
11. EU Member States will use their best endeavours to encourage other arms exporting states to subscribe to the principles of this Code of Conduct.
12. This Code of Conduct and the operative provisions will replace any previous elaboration of the 1991 and 1992 Common Criteria.

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