

***ANNUAL REPORT ON EXPORT CONTROL
OF MILITARY EQUIPMENT AND SMALL
ARMS FOR CIVILIAN USE IN THE CZECH
REPUBLIC IN 2006***

According to the Decree of the Czech Government No. 773/2007 from 11th July 2007, the Report is presented to the chairpersons of the Committee on Defence, Committee on Security, Committee on Foreign Affairs and to the members of the Subcommittee on Oversight over Trade in Military Goods of the Chamber of Deputies of the Parliament of the Czech Republic and to the chairperson of the Committee on Foreign Affairs, Defence and Security of Senate of the Parliament of the Czech Republic.

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1. Introduction

For the past seven years, it has been the commitment of the Government of the Czech Republic that the development of the national policy on exports of military equipment, its principles and tools, should be accompanied by measures to make this policy more transparent. The publication of the Annual Report on Export Control of Military Equipment and Small Arms for Civilian Use¹ in the Czech Republic in 2006 ("Report") is one in a series of steps taken to build a partnership between the government on one part and parliamentarians, experts, non-governmental organizations and the general public on the other.

The Report builds on documents entitled Information on the Exports and Imports and Possession of Small Arms and Light Weapons in the Czech Republic, published in 2001 – 2003, and on the Reports on the Control of Exports of Military Equipment published in later years in accordance with the guidelines for the drafting of consolidated EU annual reports.

In the past four years, the Report has been published in a uniform format. This year, the Ministry of Foreign Affairs of the Czech Republic (MFA) has decided to include in the first part of the Report a chapter describing its own role in the export control process and an overview of the Czech Republic's positions within the European Union in the area of the control of exports of military equipment in 2006.

The second part of the Report contains data on trends in exports of military equipment in 2003-2006, the number and volume of export licences, and data on exports that actually took place.

¹ „Small Arms for Civilian Use“ designate fire arms exported according to the Act No. 228/2004

2. Controlling exports of military equipment in the Czech Republic

2.1. Control of foreign trade in military equipment – main purposes

The Czech Republic, as successor of Czechoslovakia, is a traditional producer and exporter of arms. The government's policy is to impose certain limitations on exports of conventional arms (or, more precisely, military equipment) for economic reasons as well as for reasons of foreign policy, national security and defence. A developed democratic country exporting arms is responsible for taking precautions against uncontrolled proliferation and illegitimate use of the exported arms, or their diversion to terrorists and other illegal armed groups. The exporting country must also prevent exports of arms that are likely to contribute to the escalation of international or internal conflicts, to be used for human rights violations, or to jeopardize the security interests of its allies and friends. The Czech Republic is fully aware of this responsibility and, accordingly, consistently works to develop its national control system.

The system provides ample room for business and export and should not be understood as running counter to these interests. The declining share of military equipment in the total volume of Czech exports (about 0.15% in 2006) is mainly due to the far greater dynamism of exports in other segments of the national economy.

2.2. Control of trade in military equipment in the Czech Republic – framework and main elements of the control system

Exports of military equipment are governed by Act No. 38/1994 regulating foreign trade in military equipment and amending other legislation ("Foreign Trade in Military Equipment Act").

The Foreign Trade in Military Equipment Act is implemented by Regulation of the Ministry of Industry and Trade No. 89/1994. An important part of this regulation is its Form 1, containing a list of military equipment divided into 24 categories. Form 2 contains a list of major military equipment².

Preparations of an amendment of the Act No. 34/1994 started in 2005. Nevertheless, it was impossible to finish the legislation process before the parliamentary elections in 2006. The new government put the amendment on the legislative plan with the objective to present the new version of the Act during first six months of 2008.

2.2.1. General framework of the control regime

The Foreign Trade in Military Equipment Act provides the general framework of the control regime. It lays down the procedures to be followed when issuing permits to trade in military equipment, and conditions for the granting and use of licences. It also provides the basis for the overall control of exports of military equipment, including sanctions for violators. It defines the tasks and roles of the responsible government authorities in the related administrative proceedings.

² The regulation contains also others Forms (examples of applications)

The control of foreign trade in military equipment is one of the responsibilities of the Licensing Authority, a body set up at the Ministry of Industry and Trade of the Czech Republic (MoT). It conducts all administrative proceedings within the scope of the Foreign Trade in Military Equipment Act, including the granting and withdrawal of permits and licences and proceedings instituted against violators.

In accordance with the Foreign Trade in Military Equipment Act, the MoT reviews licence applications in consultation with the Ministry of Foreign Affairs (for an opinion on the foreign policy aspects of the transaction) and, in accordance with the interministerial arrangement, the Ministry of the Interior (security aspects). The opinion of the Ministry of Defence is sought if the transaction involves major military equipment.

2.2.2. Control regime established by the Foreign Trade in Military Equipment Act – basic elements

The Czech Republic operates a two-tier system for controlling trade in military equipment:

- 1) a business entity may offer goods and services, enter into negotiations with foreign partners, etc., only after obtaining a permit to engage in foreign trade in military equipment;
- 2) the holder of the permit must seek a *licence* for each transaction.

Ad 1)

Only a business entity holding the above-mentioned permit may engage in foreign trade in military equipment. The permits are granted only to legal entities established in the Czech Republic. The permit clearly identifies the categories of military equipment (as listed in the MoT regulation No. 89/1994) the holder is permitted to trade in, and the countries where the holder is permitted to engage in such business activities. The permits are issued by the Licensing Authority subject to the consent of the Ministry of Foreign Affairs, Ministry of the Interior and the Ministry of Defence. They are valid for a limited period of no longer than five years. When the permit expires, the holder has to apply for a new one.

Ad 2)

Prior to each transaction, the permit holder must seek an export or import licence. The licence is valid only for one specific transaction. In other words, the permit holder may carry out the transaction only after receiving the appropriate licence. The licence is valid for a limited period. It determines the quantity of the transferred goods and the terms and conditions of the transfer. The Licensing Authority grants or denies a licence after consulting the relevant ministries. The licence is denied if the applicant fails to meet the requirements of the applicable legislation or if the denial is warranted by foreign policy, trade or security interests of the Czech Republic³.

Licence applications with the accompanying documents required by the Foreign Trade in Military Equipment Act are submitted to the Licensing Authority. The application must describe the transaction, including data on the end user, foreign and Czech parties to the contract, and the military equipment to be transferred. It must be accompanied by all documents relevant for assessing the transaction, especially the end user certificate. The

³ Exporters who plan a transaction involving major military equipment may ask for a “preliminary approval”. This opinion is issued for guidance only and in no way obliges the authorities to grant a license.

Licensing Authority may request any additional information it deems necessary for the assessment.

2.3. Cooperation between export control authorities and the public

Efficient control of foreign trade in military equipment requires cooperation and coordination between all responsible government authorities – the MoT, Ministry of Foreign Affairs, Ministry of the Interior, Ministry of Defence and the intelligence services.

To make the export control system as transparent as possible, the Ministry of Foreign Affairs ("MFA") informs the interested Czech public (journalists, NGOs, as well as manufacturers and traders) about the principles and control procedures that have been put into place in the process of adapting the national system to the high standards common in developed EU countries. To this end, the MFA publishes annual reports in Czech and in English.

According to the Government Decree No. 933/06, the 2005 Report was distributed in June 2006 to chairpersons of the Defence and Security Committee, the Foreign Affairs Committee and the Subcommittee on External Economic Relations and Control of Trade in Military Equipment of the Foreign Affairs Committee of the Chamber of Deputies of the Czech Parliament, as well as to the chairperson of the Foreign Relations, Defence and Security Committee of the Senate of the Czech Parliament. In addition to the list of recipients prescribed by the Government, the Report was sent to government authorities.

The new Czech Government, which was formed in 2006, pledged in its Programme Declaration to "support increased transparency of arms exports from the Czech Republic" and to "promote the obligation to present a published report on arms exports from the Czech Republic to the Chamber of Deputies of the Czech Parliament".

The Chamber of Deputies of the Czech Parliament has a major role to play in enhancing the transparency of the licensing procedure. The Subcommittee on the Control of Exports of Military Equipment and External Economic Relations of the Chamber Foreign Affairs Committee continued its work in the first half of 2006. After the June 2006 parliamentary elections, the deputies decided to install the Subcommittee on the Control of Trade in Military Equipment within the Chamber Defence Committee.

2.4. Role of the MFA in controlling exports

The role of the MFA in controlling exports of military equipment is defined in the Foreign Trade in Military Equipment Act. According to this legislation, the MFA is responsible for ensuring that the licences and subsequent export transactions do not conflict with the Czech Republic's foreign policy interests. To this end, the MFA carries out a comprehensive analysis of all relevant factors and circumstances of the proposed transaction in a way that goes far beyond simply checking the embargo list to find out whether the recipient country is subject to an international arms embargo.

The factors and circumstances considered by the MFA in the licensing procedure include the potential impacts of the transfer on the human rights situation in the recipient country, and its potential deterioration, on the internal situation in the country and on the regional stability, and the overall situation in the region.

Other factors taken into account by the MFA are the volume and nature of the transferred equipment and the risk of its diversion. The above factors are considered and the submitted documentation checked in close consultation between the MFA in Prague and the Czech diplomatic mission in the recipient country. Sometimes the process takes more than the statutory twenty days, and the MFA has to ask for an extension of the deadline in accordance with the law.

According to the MFA's data, in 2006 the MFA reviewed 835 applications for licences to export military equipment. Of this number, the MFA issued a negative opinion in 36 cases (4.3% of the total number). Comparison with 2004 and 2005 shows that the number of negative opinions is declining. In 2006, the MFA issued negative opinions on applications for licences to export equipment to end users in Azerbaijan, Bulgaria, Colombia, the Democratic Republic of Congo, Georgia, Guinea, Jordan, Senegal, Serbia, Sri Lanka, Syria, Thailand, Uganda, Venezuela and Vietnam. The military equipment was from categories 1, 2, 3, 4, 6, 8, 10, 12, 14 and 24.

As regards the length of the procedure, in 2006 the MFA reviewed 835 export licence applications; in 721 cases (86%) it issued opinions within the statutory twenty-day deadline; the prevailing majority (508 opinions) were issued within ten days.⁴ This is the MFA's usual processing time for exports to EU and NATO countries, and in many cases also for exports to third countries. Only in 114 cases did the MFA seek an extension of the deadline. In 2006 all import licence applications were processed without any problems and delays.

Another statutory role of the MFA in the two-tier licensing system is to issue opinions on applications for a permit to trade in military equipment. Generally, the MFA's position is that as long as the applicant meets all conditions set by law, there is, as a rule, no reason for the permit to be denied on the grounds of foreign policy interests. When considering applications for the renewal of a permit, the MFA reviews the applicant's record from the period of validity of the expired permit to find out whether his actions have jeopardized the Czech Republic's foreign policy interests or whether the nature or pattern of his business activities have injured the good name of the Czech Republic abroad. In 2006 the MFA did not issue any negative opinions on permit applications.

The geographic scope of the permit is also important. In 2006 the MFA made sure that the scope of the issued permits was limited to exclude countries that are subject to international arms embargoes and states that by their politics put at risk international or regional security and/or interests of the Czech Republic and/or its allies.

⁴ Data from an internal MFA database.

3. European Union

Although the European Union leaves the sphere of foreign and security policy, including arms exports and imports, solely within the competence of the Member States, accession to the EU required certain changes to the Czech Republic's system for controlling foreign trade in military equipment⁵. The EU, which stands out among international organizations as the strongest advocate of consistent control, regularly brings together politicians and experts on the subject⁶ and operates a well-developed system for assessing licence applications.

A responsible approach to exports of military equipment and the will to limit and eliminate the risk of uncontrolled proliferation of arms is the driving force behind many international initiatives started by European countries, as well as the main common denominator of their national systems for controlling foreign trade in military equipment.

3.1. *EU Code of Conduct on Arms Exports*

The EU Code of Conduct on Arms Exports ("Code of Conduct") is a politically binding document adopted by consensus by all Member States in 1998. The new Member States that have acceded at a later date (2004 and 2007) aligned themselves with the Code of Conduct already before their accession. In addition, the Code of Conduct serves as a basis for control systems in some developed non-EU countries⁷, which is the best measure of its international success.

The Code of Conduct defines a basic set of criteria for assessing each arms export transaction. The granting or denial of licences is solely within the competence of each Member State. However, the competent national authority must assess the application against eight common criteria, and must deny the licence if the applicant fails to meet any one of them.

The Code of Conduct, with the accompanying User's Guide, is an extensive set of rules⁸ built around eight criteria:

1. the international commitments of the Member States (sanctions decreed by the United Nations (UN) Security Council and by the European Community, agreements on non-proliferation etc.),
2. the respect for human rights in the country of final destination,
3. the internal situation in the country of final destination,
4. the preservation of regional peace, security and stability,

⁵ The Czech system itself was not changed. Czech Republic gained access to denial databases and possibility to participate in working groups where practical aspects of control mechanism can be discussed.

⁶ Meetings of the COARM Working Party are attended by representatives of bodies responsible for the control of conventional arms exports in each Member State. Under the Austrian and Finnish Presidencies in 2006, COARM held six meetings.

⁷ Since 1998, the principles of the Code of Conduct have been incorporated in national legislation or otherwise endorsed e.g. by Norway, Iceland, Canada and the Republic of South Africa.

⁸ For the full text of the Code, see Annex. The full text of User's Guide in English and excerpts in Czech are available on www.consilium.europa.eu.

5. the 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. the 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. 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 export with the technical and economic capacity of the receiving country.

The Code of Conduct, with the User's Guide containing commentaries and guidance on best practices for the interpretation of the criteria, provide a relatively detailed description of the common approach to conventional arms exports. In combination with the national set of rules and criteria, they form the basis for assessing licence applications submitted in the Czech Republic.

In the nearly ten years since the adoption of the Code of Conduct, the Member States, acting through COARM, have taken many steps to unify its interpretation. One of the most important steps was to act on the commitment arising from its Operative Provision 3⁹ to share interpretations of the criteria and information on licences denied on the basis of the Code of Conduct. Information on licence denials is notified to other Member States through a prescribed procedure. It is kept confidential to forestall its improper use for commercial advantage.

The licence denials database is regularly updated by the EU Council Secretariat. When assessing applications, the competent authorities of the Member States consult the database to find out whether a licence for a similar transaction has been denied in another Member State. If the database contains valid data on such a denial, the Member State assessing the application must consult the Member State that issued the denial. If the consultation proves that the transaction is "essentially identical", the licence will be denied. If the Member State nevertheless decides to grant the licence, it must notify the Member State that issued the denial and give a detailed explanation of its reasoning.

Since its adoption, the Code of Conduct has been a very progressive tool for controlling exports of military equipment. Its gradual development, implementation of its operative provisions, and the introduction of the User's Guide have greatly contributed to the convergence of national control systems. The Czech Republic and other European countries thus share a practical and efficient control system, regarded as the most sophisticated in the world.

As early as in 2005 the Member States declared their common will to transform the politically binding Code of Conduct into a legally binding EU common position, as another step in the process of further developing the EU Common Foreign and Security Policy. In December 2006, the EU Foreign Ministers discussed a draft common position concerning the control of exports of military technology and equipment, but no agreement was reached due to persisting differences of opinion on the timeframe and other conditions for its entry into force.

⁹ The Code of Conduct includes twelve operative provisions. Operative Provision 8 requires the Member States to provide data on their foreign trade in military equipment for publication in the consolidated annual report.

3.2. *User's Guide to the EU Code of Conduct*

The User's Guide to the EU Code of Conduct on Arms Exports ("User's Guide") is an important document drafted by COARM, first published in 2003 and continuously updated. In 2006 it received much attention and became an important item on the agenda of all COARM meetings. The text adopted in December 2006 has 69 pages, divided into five parts and three annexes.

The User's Guide provides more detailed rules for communication between the Member States, describes best licensing practices, explains in detail Criterion 2 (*the 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 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*). It provides guidance on the contributions of the Member States to the annual EU report as required by Operative Provision 8.

Following consideration and approval of the interpretation of Criterion 8 in 2005, the work on the interpretation of Criteria 2 and 7, which started in 2005, was finished under the Austrian Presidency in 2006. The explanation of Criteria 3 and 4 was added under the Finnish Presidency in the second half of 2006. The reader is referred to Chapters 2 and 3 of the User's Guide describing best licensing practices and providing guidance on some of the criteria.

In developing the User's Guide, the most difficult task is to strike a balance between comprehensive, detailed definitions covering all aspects of the criterion, and the feasibility of their practical application. The views of the Member States differ, some prefer a comprehensive description, others sparer language. The Czech Republic is not opposed to comprehensive language, but understands that the ever-increasing list of aspects to be considered in each case may eventually pose problems.

3.3. *The Czech Republic's position within the EU*

The Czech Republic actively uses all opportunities opened up by its EU membership and participation in the development of common standards for the control of foreign trade in conventional arms. It has circulated details on five licence denials in accordance with the prescribed procedure, consulted on export control policies with other Member States that issued denials, and otherwise contributed to the shaping of the EU Common Foreign and Security Policy.

In 2006, the MFA also closely followed the debate on the proposal to liberalize the licensing regime for military equipment exported within the EU. Such a change will, in all probability, be accompanied by the tightening of the conditions to be met by permit holders in order to gain access to this new, more liberal system. The Czech Republic considers it important that the parameters of the system should be set so as not to put major multinational companies domiciled in some Member States at an unfair advantage.

While engaging in the exchange of relatively detailed information on licensing mechanisms and their practical operation, which is the hallmark of the current cooperation within COARM, the Member States retain their different export policies and different views on the EU's policy towards various parts of the world. This is due to historical reasons and traditional approaches, as well as to more recent business opportunities and contacts.

The Czech Republic, too, differs from the other Member States in some respects. Comparison of Czech exports with exports from the other countries that contributed to the annual EU report for 2005¹⁰ shows that in some destinations (outside the EU and NATO territories) the Czech Republic emerges as a major EU exporter of military equipment in terms of the volume of exports¹¹. However, this data should be judged in the light of the specific situation and approaches of each Member State. They merely reflect the transactions taking place in the given year, and should not be treated as indicative of the trends in foreign trade in military equipment.

In 2005, the countries where the Czech Republic accounted for more than half of the overall EU exports of military equipment included Mali (100%), Nigeria (100%), Syria (100%)¹², Sri Lanka (83.3%), Vietnam (77.1%), Georgia (74.4%), Lebanon (71.6%), Azerbaijan (67.5%), Kazakhstan (62.2%), Afghanistan (60.4%) and Ukraine (54%). The Czech Republic had a major share in EU exports to Ethiopia (48.6%), Colombia (46.1%), Angola (39%), China (17.3%) and Thailand (11.3%). Data on the exported equipment, broken down in line with the EU list, can be found in the EU's eighth annual report according to Operative Provision 8 of the Code of Conduct, published in the Official Journal (No. 2006/C 250/01) on 16 October 2006.

Within the framework of European cooperation, the Czech Republic contributed to the eighth annual report, organized one seminar for other EU Member States, and took an active part in seminars organized by EU Presidencies.

At the request of the Austrian Presidency, the eighth EU annual report on the control of exports of military equipment in 2005 (the third EU report to which the Czech Republic has contributed) was ready for publication earlier than the 2004 report. The initial deadline (beginning of 2006) was not met; nevertheless, it is important that the report appeared almost three months earlier than in 2005. The Czech Republic submitted its contribution as early as May, shortly after completing its national annual report on the control of exports of military equipment and small arms and light weapons in 2005, in an effort to lead the way in timely reporting and publication.

However, the credibility of the published data is as important as its timeliness. Different data collection methods (customs, exporter data, combined systems) require different processing times; all Member States should have enough time to compile reliable data. For this reason, the Czech Republic believes that the proposal to shift the deadline from May to an even earlier date may prove too ambitious.

The Czech Republic's contributions to the EU report have been appreciated for their quality, scope and timeliness. In this context, in November 2006 the Czech Republic hosted a

¹⁰ European data on exports in 2006 were not available at the time of writing this Report.

¹¹ This Report does not take into account data on exports from countries not bound by the Code of Conduct.

¹² Spare parts for training aircrafts.

very successful seminar for experts from the Member States to discuss ways how to harmonize the work on EU annual reports while using different methods.

In 2006, another role of the COARM Working Party was to serve as the principal forum for the coordination of activities involving non-EU countries. At its regular sessions, the Member States exchange information on meetings, seminars and roundtables, or agree on cooperation in this area. The Czech Republic is primary interested in cooperating with the countries of the former Yugoslavia, and to this end it took an active part in the seminar on the control of exports of military equipment to Western Balkan countries, held in Vienna in May 2006.

4. International cooperation

The control of trade in and, in general, transfers of military equipment receive much attention also on the global scale. The issue is moving to the top of the international cooperation agenda and features on the list of topics for discussion at many international forums. Globally, the volume of the arms trade is increasing. However, the greatest problems are not legal exports to State actors, but illicit transfers to non-State actors, paramilitary and terrorist groups, destabilizing the security situation in regions such as Sub-Saharan Africa or Latin America.

4.1 United Nations

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

In 2006, UN activities in the area of small arms and light weapons continued to centre on the *Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects* ("Programme of Action"). Approved in 2001, the Programme of Action sets out the international community's objectives in this field until 2006. Its main benefit is that it defines specific commitments and mechanisms that must be put into practice in order to improve the control of small arms and light weapons. The measures are divided into national, regional, and global.

Measures to be taken at the *national* level include the introduction and implementation of laws concerning:

1. control over the production, exports and imports of small arms and light weapons,
2. record keeping and tracing of small arms and light weapons,
3. destruction of surplus small arms and light weapons.

Measures at the *regional* level are optional and their main purpose is to improve transparency. They may include binding regional moratoria on the production, imports and exports of small arms and light weapons, preventing their excessive accumulation in the region.

The main thrust of measures at the *global* level is cooperation in the fight against illicit trade. These measures are part of the international community's efforts to prevent and resolve conflicts in which small arms and light weapons are misused. The measures include, primarily, demobilization, disarmament and reintegration projects for ex-combatants. Naturally, the crucial element is the destruction of small arms and light weapons in post-conflict situations.

The Conference to review the Programme of Action, held in June/July 2006, failed to reach an understanding on the question of further enhancement of the Programme of Action. The greatest stumbling blocks were the questions of follow-up and the area of development. Although the Conference failed, the Programme of Action remains in force, and the Czech Republic will support its implementation.

In 2006, the UN General Assembly also adopted resolution 61/66, "The illicit trade in small arms and light weapons in all its aspects", and resolution 61/71 "Assistance to States for curbing the illicit traffic in small arms and light weapons and collecting them".

In 2006, the Czech Republic continued to meet its national targets under the Programme of Action, including legislative measures¹². At the regional and global levels, the Czech Republic supported all initiatives leading to greater transparency and the creation of universal standards. As part of this effort, it voluntarily contributed CZK 1 million (USD 47,308.17 = EUR 34,910)¹³ to assist in setting up a UN database that will monitor the implementation of the Programme of Action.

4.1.2. Arms Trade Treaty

The project for a universal legally binding treaty to regulate trade in conventional arms started in 2003, when a coalition of non-governmental organizations launched the Arms Trade Treaty ("ATT") campaign. Its aim was to initiate a discussion at international forums and to persuade as many governments as possible of the urgent need for a tool to control international trade in military equipment. The main principles of the legally binding international treaty should include state responsibility; limitation of transfers of arms where the arms are likely to be used in breach of international law, where the transfer is likely to facilitate organized crime, adversely affect regional security or stability, adversely affect sustainable development, involve corrupt practices, or contravene other international, regional or national commitments; transparency; comprehensive controls.

The Czech Republic supports this initiative, and seeks to promote it at bilateral as well as multilateral levels. 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.

The year 2006 marked a breakthrough. A hundred days before the conference to review the Programme of Action (see above), non-governmental organizations stepped up their Control Arms campaign, gathering more than a million photographs or portraits of sympathizers of the ATT from more than eighty countries.

Despite the continuing negative stance of the United States, the UN General Assembly adopted resolution 61/89 "Towards an arms trade treaty: establishing common international standards for the import, export and transfer of conventional arms" at its sixty-first session on 6 December 2006 by a vote of 153 UN Member States. The resolution requests the UN Secretary-General to seek the views of UN Member States on the draft parameters of the ATT. The Secretary-General is also requested to establish an international group of experts who would, in 2008, begin work on an initial draft of the ATT for consideration at the next General Assembly session.

In the Czech Republic's opinion, the ATT should provide legally binding rules for trading in all conventional arms and their ammunition. To lay the foundations for a credible arms control system, the ATT should cover all types of international transactions, including import, export, re-export, transit, transshipment and brokering. Adoption of a legally binding

¹² See <http://disarmament.un.org>

¹³ This does not include the Czech voluntary contribution to the mine-related activities of the UNDDA.

document is the only way to ensure that the ATT develops into a strong tool safeguarding the legality and transparency of the international arms trade.

4.2. *International Export Control Regimes*

Like other developed industrial countries, the Czech Republic takes an active part in all important international control regimes concerning foreign trade in military equipment, technologies and dual-use goods.

By participating in these regimes, the Czech Republic seeks to assist in eliminating global security risks posed mainly by the proliferation of weapons of mass destruction ("WMD") and dual-use goods, excessive accumulation of conventional arms in some countries or regions, and misuse of weapons by terrorists.

The control regimes include:

- the *Zangger Committee* and the *Nuclear Suppliers Group* for nuclear non-proliferation,
- the *Australia Group* for non-proliferation of chemical and biological weapons,
- the *Missile Technology Control Regime* for missiles capable of delivering WMDs¹⁶,
- the *Wassenaar Arrangement* for conventional arms.

Although most of the international control regimes are not based on international treaties (with the exception of the Zangger Committee, whose status issues from the Treaty on the Non-Proliferation of Nuclear Weapons), their purpose is to work for the full implementation of the commitments of States Parties to legally binding UN instruments on the prohibition and/or non-proliferation of WMDs¹⁷. They complement and reinforce the system of UN instruments in this area.

As mentioned above, Czech legislation (the Foreign Trade in Military Equipment Act) prohibits trading in nuclear, chemical and biological weapons and their means of delivery. As a result, the Czech Republic's participation in the above-mentioned international control regimes, except for the Wassenaar Arrangement, has no direct impact on Czech foreign trade in military equipment, and is generally limited to diplomacy and prevention¹³.

However, WMD proliferation is not the only problem associated with transfers of military equipment. An unacceptable number of civilians across the world are being killed by small arms and light weapons, a problem of which the global community is increasingly aware. The danger posed by transfers of small arms and light weapons to non-state actors is best illustrated by cases of man-portable air defence systems ("MANPADS") used against civilian aircraft.

True to its position, the Czech Republic takes an active part in the existing regimes controlling small arms and light weapons, and advocates the worldwide application of tight controls, similar to those binding on the Czech Republic.

¹⁶ MTCR has initiated The Hague Code of Conduct against Ballistic Missile Proliferation (HCOC), a politically binding document adopted in 2002. It sets out confidence-building measures in this field.

¹⁷ An important document in this regard is UN Security Council resolution 1540 (2004) "Non-proliferation of weapons of mass destruction".

¹³ In the field of chemical arms, there could be some impact of international control regimes on Czech foreign trade. Nevertheless, the non-proliferation of WMD is linked more to dual use goods than to military equipment.

International export control regimes have set up subsidiary bodies to control specific types of arms; however, these mostly concentrate on WMDs. For the time being, the only similar initiative focused on small arms and light weapons is the UN Programme of Action. An alternative to establishing a specialized regime to control small arms and light weapons would be to bring them into the focus of broader arms control regimes, both regional¹⁹ and global²⁰.

The following section provides an overview of international control regimes relevant to the control of exports of military equipment and small arms for civilian use from the Czech Republic. This Report deliberately avoids going into details on the fight against WMD proliferation and the compliance with commitments arising from the Treaty on Conventional Arms in Europe. These topics fall within the sphere of security policy, and are of a very limited relevance to exports.

Wassenaar Arrangement

Founded in 1995, the *Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies* ("WA")²¹ controls a wide range of dual-use goods (i.e. items which are mainly designed to be used in industrial applications, but may be used for the production of conventional arms) and conventional arms. As a result, it has the broadest portfolio of all control regimes, defined by its Munitions List (conventional military equipment) and the List of Dual-Use Goods and Technologies (items not included in the control lists of other control regimes)²².

The main thrust of the WA's activities is the exchange information, both on general aspects of international trade in strategic goods (including analyses of global developments in arms trade, security situation in certain regions, suspect trade activities, etc.) and on transactions with third countries involving any items that fall within the defined categories (including denial notifications). The WA Plenary meeting in December 2006 approved the Best Practice Guidelines for the Licensing of Items on the Basic List and the Sensitive List of Dual-Use Goods and Technologies and the Best Practices for Implementing Intangible Transfer of Technology Controls. In 2006, the Czech Republic concentrated on the relationship between the WA and non-Participating States, and on the enhancement of cooperation between the WA and other control regimes. In 2007, the WA will assess its activities of the past four years. To this end, it will set up four working groups: on transparency of the regime; on external contacts; on small arms and light weapons; on MANPADS, transport and brokering; and on re-exports.

¹⁹ Besides the EU Code of Conduct, an example of regional cooperation in controlling arms transfers is the Nairobi Protocol or similar MERCOSUR, OSCE and CARICOM initiatives.

²⁰ Beside the Wassenaar Arrangement, the best example is the planned ATT.

²¹ See also www.wassenaar.org.

²² Both lists are reflected in EU lists (www.consilium.europa.eu).

5. Control of trade in small arms and light weapons for civilian use

In Czech legislation, the term "small arms and light weapons of non-military nature" refers to weapons designed for sport, self-defence, hobbies and hunting²³. Foreign trade in civilian arms and ammunition is regulated by Act No. 228/2005 concerning the control of trade in products the possession of which is restricted in the Czech Republic for security reasons. An appendix to this legislation lists the products concerned; revolvers, pistols and some types of rifles and their ammunition. The arms produced and exported by leading Czech companies fall predominantly within the scope of this control system.

Unlike the two-tier system for controlling foreign trade in military equipment, the system controlling trade in these weapons has only one tier. The MoT receives written applications from legal entities and natural persons, stating i.a. the destination, recipient and number of weapons transferred. The MoT may request any additional information it deems necessary for the assessment. Permits are denied if the application is not submitted in the prescribed format, if the denial is warranted by the Czech Republic's security interests, or if the applicant has had his permit withdrawn in the past. Permits are withdrawn if the applicant violates the terms and conditions of the permit, if his application contains false data, or if the withdrawal is warranted by the Czech Republic's security interests.

The MFA plays only a limited role in the process of assessing applications for a permit to export small arms and light weapons. The legislation does not provide room for assessment from the foreign policy perspective. However, since the Code of Conduct and other international instruments require the Czech Republic to respect embargoes, the MFA provides the Licensing Authority with summary information on factors to be taken into account when deciding on each application.

In 2006, the MFA provided such information on 331 export permit applications, a 68% rise compared with 2005 (197 applications).

At the regional level, the control of trade in small arms and light weapons is high on the agenda of the Organization for Security and Cooperation in Europe (OSCE). In 2006, the Czech Republic complied with all requirements of the OSCE Document on Small Arms and Light Weapons, adopted by the OSCE Ministerial Council in November 2000. As in previous years, the Czech Republic submitted all the required data on its national legislation, measures to control its exports of small arms and light weapons, the marking of small arms and light weapons, the destruction of surplus small arms and light weapons, exports and imports of small arms and light weapons. The data are compiled in cooperation between the MFA and the MoT.

The OSCE Document on Small Arms and Light Weapons states that the participating States agree to ensure that all small arms manufactured in their territory are marked in such a way as to enable their tracing. The marks should be permanent and should contain

²³ The Act No. 119/2002 divides the arms and ammunition in several categories. Military arms are classed in "A" category. The civilians are not allowed to acquire, hold or carry such weapons. Only Czech police can grant exception under circumstances defined by the Act.

information facilitating the identification of the country of manufacture and the serial number. A similar commitment applies to imported unmarked small arms and light weapons.

In accordance with Decisions No. 13/97 and No. 8/98 of the OSCE Forum for Security Co-operation, the Czech Republic submits data on the transfers of weapons and weapon systems in each calendar year, arranged into the categories of the UN Register of Conventional Arms. In the case of the Czech Republic, the relevant categories are battle tanks, armoured combat vehicles, large calibre artillery systems, military aircraft and military helicopters. The report for 2006 was submitted to the OSCE in June 2007.

6. International arms embargoes

The Czech Republic respects all embargoes imposed by the United Nations, the European Union and the Organisation for Security and Co-operation in Europe (although the OSCE embargoes are non-mandatory), and takes an active part in their formulation and updating.

As in previous years, there were some changes in 2006 to the list of countries subject to embargo and to the scope of some of the restrictive measures. The EU embargo on *Burma/Myanmar* (Council Common Position 2006/318/CFSP) was prolonged, with the exception of non-lethal equipment intended solely for humanitarian and protective use, or for UN and EU programmes, and the demining equipment. A general embargo on exports of military equipment to the *Democratic People's Republic of Korea* was imposed by UN Security Council resolution 1727/2006 and EU Council Common Position 2006/795/CFSP in response to the nuclear test carried out by the DPRK in October 2006.

An embargo was newly imposed on *Lebanon*. The restrictive measures (UN Security Council resolution 1701/2006, EU Council Common Position 2006/625/CFSP) were approved in response to the military conflict that took place in the country in summer 2006. They apply to all natural and legal persons, except for transactions authorized by the Lebanese government or UNIFIL, and goods and services for the use by UNIFIL or by the Lebanese armed forces.

The regularly renewed UN and EU embargo on *Liberia* was relaxed. The list of exemptions was broadened to include weapons and ammunition already provided to the Special Security Service (SSS) for training purposes, provided that their transfer had been approved in advance by the Committee established by UN Security Council resolution 1521/2003. Another exemption applies to weapons and ammunition intended for use by the security forces controlled by the Liberian government, and some types of non-lethal military equipment, subject to prior approval by the Committee.

The restrictive measures imposed on *Somalia* were relaxed by UN Security Council resolution 1725/2006, which newly permitted supplies of weapons and military equipment and technical training and assistance intended solely for the support of or use by the Intergovernmental Authority on Development (IGAD).

The EU and UN sanctions imposed on *Côte d'Ivoire*, and the EU sanctions imposed on *Uzbekistan* and *Zimbabwe* were renewed through standard procedure.

As part of the debate concerning the transformation of the Code of Conduct from a politically binding document into a legally binding common position, some countries raised the question of lifting the arms embargo on *People's Republic of China*. However, the EU again failed to reach a consensus on this question. The ban on exports of military equipment, imposed in 1989, thus therefore remains in force. The Czech Republic is one of the EU countries that stress that the lifting of the embargo must be preceded by visible progress in the protection of human rights.

A special control regime applies to the Economic Community of West African States (**ECOWAS**). Exports of small arms and light weapons and some other types of military equipment to these countries are subject to a moratorium agreed by ECOWAS members on 1st November 1998. Applications for a licence to export arms to this region must be accompanied by a certificate of approval from the competent ECOWAS authority.

The current list of restrictive measures concerning exports of military equipment is available at www.mzv.cz/kontrolaexportu. In 2006, various types of restrictions applied to sixteen countries, regions and regional groupings. For a detailed list, see the Annex.

Annexes:

A – Information about import and export of Military Equipment and small arms for civil use

- 1) Number of issued and used licences for export of military equipment in 2006
- 2) Number of issued and used licences for import of military equipment in 2006
- 3) End users of military equipment exported in 2006
- 4) Value of exported military equipment in 2003-2006
- 5) Imports of selected military equipment into the Czech Republic in 2006
- 6) Exports of selected military equipment from the Czech Republic in 2006
- 7) Number of licences granted under Act. No. 38/1994
- 8) Permits to engage in foreign trade in military equipment in 2006
- 9) Conversion of categories of Czech Republic military list and the EU military list
- 10) Exports of small arms for hunting, hobby or self-defence in 2006

B – Graphic illustrations on main trends in foreign trade with arms

- 1) Exports of military equipment between 1994 – 2006
- 2) Imports of military equipment between 1994 – 2006

C – Arms embargoes and restrictive measures in 2006

D – EU Code of Conduct on Arms Export

ANNEX A

The following 10 tables provide a detailed overview of the functioning of the system of export control of military equipment in the Czech Republic in 2006. They also provide important data concerning small arms for civilian use.

TABLE 1

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. Military equipment in Table 1 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 2

Contains information regarding the import of military equipment in 2006. It is based on the same methodology as Table 1.

TABLE 3

Contains information on the type of end-user.

TABLE 4

Offers a comparison of actual export of military equipment in 2003 and 2006.

TABLE 5 and TABLE 6

Provide detailed information on exports and imports of military equipment in 2006 in the commodities that are of a major concern of control regimes.

TABLE 7

Provides a statistics of applications granted during the last eight years.

TABLE 8

Provides a statistics of valid permits to engage in foreign trade in military equipment.

TABLE 9

Allows Conversion of categories of Czech Republic military list (CME) and the EU common military list (ML) 6).

TABLE 10

Contains information regarding small arms for civilian use.

ANNEX B

The following two charts illustrate main trends in foreign trade with arms in Czech Republic. The graphs cover the exports and imports of military equipment between 1994 – 2006. The high value of imports in 2006 is related with the lease of Jas 39 Gripen jet fighters by the Czech Air Force.

TABLE 1 - Number of issued and used licences for export of military equipment in 2006

		Licences issued		Licences used	
	*)	Category of Military Equipment (CME)	Approximate Value	Category of Military Equipment (CME)	Approximate Value
		thous. of EUR		thous. of EUR	
North Africa	15	24,10,7,14,1	5,921	24,10,7,14,11,1	7,096
Algeria	7	10,1	1,259	24,10,11	2,213
Libya	3	24,7,14	1,193	7,14	712
Tunisia	5	24,10,1	3,469	24,10,1	4,171
Sub-Saharan Africa	15	14,24,6,10,1	8,762	10,6,24,1	1,581
Ethiopia	9	14,6,10	7,797	6,10	1,015
Mali	1	10	19	10	3
Nigeria	4	24,10	919	24,10	539
Zambia	1	1	27	1	24
North America	88	10,1,24,8,6,3,14,7,11,17,18,4,2	15,827	10,1,24,14,8,6,11,17,3,18,4	9,433
Canada	9	1,3	534	1,3	96
United States	79	10,1,24,8,6,14,3,7,11,17,18,4,2	15,293	10,1,24,14,8,6,11,17,18,3,4	9,337
Central America and the Caribbean	3	3,1	553	1	221
Guatemala	1	1	0		0
Mexico	1	1	249	1	221
Panama	1	3	304		0
South America	18	13,1,3,8	2,011	13,1,3	1,208
Brazil	1	8	45		0
Chile	3	1	3	1	3
Colombia	8	1	435	1,3	438
Ecuador	4	3,1	86	3,1	68
Uruguay	1	3	129	3	118
Venezuela	1	13	1,313	13	581
Central Asia	4	1,3	285	1,4,3	324
Kazakhstan	4	1,3	285	1,4,3	324
North East Asia	5	4,3,1	217	10,4,3,1	1,282
China (Hong Kong)	1	1	2	1	1
China (Mainland)	0		0	10	1,166
Japan	1	4	179	4	81
Mongolia	3	3	36	3	34
South East Asia	68	1,24,10,3,11,7	5,449	10,24,1,11,3,7	5,650
Indonesia	6	11,1	170	11,1	167
Malaysia	13	10,3,1	361	10,3	357
Philippines	2	1	19	1	19
Singapore	4	11,7	49	24,11,7	139
Thailand	38	1,24,10,3	3,775	1,24,10,3	2,221
Vietnam	5	10,1,3	1,075	10,24,1,3,11	2,747
South Asia	109	6,11,10,24,4,3,1,7	72,819	6,24,10,4,3,1,7	9,186
Afghanistan	1	4	134	4,6	205
Bangladesh	12	10,3	294	10,3	437
India	73	6	33,842	6	7,024
Pakistan	6	11,10,24,7	36,965	6,7	46
Sri Lanka	17	24,10,3,6,1	1,584	24,10,6,3,1	1,474
Europe Union	405	6,11,24,3,10,8,13,7,1,5,22,14,2,18,4,15,16,17	50,661	6,3,11,24,13,10,22,8,7,1,14,5,2,18,15,4,16	38,639
Austria	14	3,24,8,10,2,7	1,074	3,24,10,2,7	956
Belgium	9	8,1	457	8,1	257
Cyprus	2	3	62	3	59
Denmark	3	8,3	5	8,3	4

Estonia	4	6,3,10	683
Finland	3	6,1	60
France	18	10,1,3,8,18	3,554
Germany	83	11,24,10,22,14,6,3,8,16,1,13	9,129
Greece	5	3,6,24	376
Hungary	11	10,24,13,3,6,1	176
Italy	4	24	3,687
Latvia	8	3,10,13,11	609
Lithuania	3	3,7,24	446
Luxembourg	1	6	18
Netherlands	9	7,24,3	106
Poland	44	6,8,13,24,3,10,11,1,4,17,18,7	6,524
Portugal	4	7,3	14
Slovakia	162	6,3,11,24,13,10,7,5,2,18,8,1,15,16	22,863
Slovenia	1	15	15
Spain	2	3,10	238
Sweden	3	6,3,8	457
United Kingdom	12	6,24,1	108
Other European countries	56	6,10,14,2,24,3,5,11,8,1,17,7	10,528
Azerbaijan	1	10	41
Bosnia and Herzegovina	1	3	119
Bulgaria	5	24,3,10	340
Croatia	2	24,11	325
Georgia	10	6,2,5,3	3,558
Macedonia (Former Yugoslav Republic of)	1	3	27
Norway	1	7	2
Romania	6	10,8	342
Russian Federation	8	10,6,3	2,191
Switzerland	10	14,10,24,1,3,2	2,257
Turkey	4	17,7	38
Ukraine	7	10,6,24	1,288
Middle East	45	6,18,1,10,13,3,11,7,8,4	8,636
Egypt	25	18,6,1,3,11,7,10	5,856
Iraq	3	8	40
Israel	3	13,10,4	292
Jordan	2	3	1
Kuwait	1	1	115
Qatar	1		0
Syria	3	10	219
United Arab Emirates	5	6,3	209
Yemen	2	6	1,904
Oceania	4	8,1	82
New Zealand	4	8,1	82
TOTAL	835	6,11,10,24,1,14,3,18,13,8,7,2,4,5,22,17,15,16	181,751

11,6,24,3,10	3,158
6,1	72
10,24,3,1,8,18	216
24,11,22,6,3,10,8,16,14,1	3,865
3,6,24	361
24,3,10,6	99
24	13
3,24,10,8,13,11	3,318
3,7,24	435
6	18
7,24,3	100
6,13,24,8,11,1,3,4,10,18,7	6,271
7,3	14
6,3,11,13,24,10,14,7,5,1,2,18,15,8,16	18,748
15	14
3	206
6,3,8	383
6,1	72
6,10,24,2,3,5,8,1,4,7	9,598
10	230
	0
3,24,4,10	540
	0
6,2,3,5	6,196
3	68
7	2
24,10,8	838
10	327
1,24,3	66
7	9
10,6,24	1,322
18,6,5,1,10,14,13,11,3,7,8,4	8,744
18,1,14,11,6,3,7,10	4,646
8	38
13,10,4	261
6	299
1	12
	0
10	215
6,3	202
6,5	3,071
8	27
8	27
6,24,10,3,11,1,18,13,14,5,8,2,7,22,4,15,17,16	92,989

*) Licences issued

TABLE 2 - Number of issued and used licences for import of military equipment in 2006

	Licences issued			Licences used		
	*)	Category of Military Equipment (CME)	Approximate Value	Category of Military Equipment (CME)	Approximate Value	Approximate Value
			thous. of EUR			thous. of EUR
Sub-Saharan Africa	2	24,5	395	5	29	29
South Africa	2	24,5	395	5	29	29
North America	114	11,24,3,10,4,1,7,5,15,2,13	5,924	11,24,4,3,7,10,1,5,2,15,13	3,196	3,196
Canada	23	3,24,2,5,1,10,4,15	808	3,24,2,1,10,4,15	483	483
United States	91	11,24,10,4,1,7,5,15,13	5,116	11,24,4,7,10,1,5,15,13	2,713	2,713
South America	1	3	10	3	9	9
Brazil	1	3	10	3	9	9
North East Asia	2	1	2	1	2	2
China (Mainland)	2	1	2	1	2	2
South East Asia	1	1	10		0	0
Malaysia	1	1	10		0	0
South Asia	1		0		0	0
Bangladesh	1		0		0	0
Europe Union	327	6,10,24,11,18,8,3,1,5,15,7,2,4,22,16,13,17,14	50,893	5,4,10,6,11,18,24,1,15,14,3,8,7,2,22,23,13,16,17	83,560	83,560
Austria	12	1,18	548	1,18	714	714
Belgium	11	8,11,24,10,3	3,748	11,8,24,3	952	952
Denmark	6	5,22,24,11,10	337	5,22,11,10	327	327
Finland	5	6,1,17	678	4,6,1,17	2,145	2,145
France	34	11,18,5,15,24,3,1,8	3,743	11,18,5,15,10,24,1,3,8	4,571	4,571
Germany	61	10,3,1,24,15,8,11,5,6,7,16,13	11,593	10,24,3,15,1,11,8,6,7,16	7,657	7,657
Greece	1	6	2	6	2	2
Hungary	9	6,1,2,8,10	1,503	1,2,10,3,6	408	408
Italy	5	10,1	963	14,10,24,1	1,868	1,868
Latvia	1	3	12	10,24,3	239	239
Lithuania	6	10	2,892	10	900	900
Netherlands	7	15	191	15	274	274
Poland	32	24,10,6,7,1,11,3	1,448	10,24,7,6,11,3	912	912
Slovakia	64	6,18,24,11,8,3,5,7,1,10,4	7,983	18,6,24,11,3,7,1,10,5,4	3,781	3,781
Spain	4	4,24,1	153	4,24	147	147
Sweden	11	24,5,3,11,6,13,14	5,002	5,4,11,3,6,14,13	51,222	51,222
United Kingdom	58	6,11,10,1,15,13	10,097	6,11,24,10,15,1,23,13	7,441	7,441
Other European countries	106	10,24,3,6,5,1,17,7,15,4,8,2,11,13	5,618	10,3,15,1,24,5,4,17,7,6,2,11,8,13	5,357	5,357
Bosnia and Herzegovina	3	3	226	3	1,447	1,447
Bulgaria	16	6,3,1,2,4,11,8	1,399	1,6,2,3,4,11	173	173
Montenegro	3	13	4	13	3	3
Norway	2	15,3	35	15,3	223	223
Romania	0		0	3	6	6
Russian Federation	31	10,1	1,142	10,1	1,958	1,958
Serbia	2	3,13	27		0	0
Switzerland	32	5,17,7,15,3,8,24,1	1,180	5,15,17,3,7,24,1,8	697	697
Turkey	1	4	115	4	99	99
Ukraine	16	24,10,1,11	1,490	24,1,10,6,11	751	751
Middle East	17	24,15,6,13,1	457	15,24,6,13,1	310	310
Egypt	1		0		0	0

Israel	14	24,15,6,13,1	457
Lebanon	1		0
United Arab Emirates	1		0
Oceania	2	6	590
New Zealand	2	6	590
TOTAL	573	6,10,24,11,3,1,18,8,5,15,4,7,17,2,22,13,16,14	63,899

15,24,6,13,1	310
	0
	0
6	590
6	590
5,10,4,6,11,24,18,3,1,15,14,8,7,2,17,22,23,13,16	93,053

*) Licences issued

TABLE 3 - Types of End-user

	Country	1.	2.	3.	4.
approximate percentage					
1	Afghanistan	100			
2	Algeria	100			
3	Angola	100			
4	Austria	67	28		5
5	Azerbaijan	100			
6	Bangladesh	100			
7	Belgium				100
8	Bosnia and Herzegovina				100
9	Bulgaria	35			65
10	Canada				100
11	Colombia	100			
12	Cyprus	99	1		
13	Denmark	100			
14	Ecuador	100			
15	Egypt	20	18	2	60
16	Estonia	76	22		2
17	Ethiopia	100			
18	Finland	51		12	37
19	France		27	59	14
20	Georgia	100			
21	Germany			60	40
22	Greece	52	33	15	0
23	Hungary	52			48
24	Chile	100			
25	China (Hong Kong)		100		
26	China (Mainland)			100	
27	India	89		11	
28	Indonesia	46	4		50
29	Iraq	100			
30	Israel	4			96
31	Italy				100
32	Japan	98	2		
33	Jordan	100			
34	Kazakhstan	10	35		55
35	Kuwait				100
36	Latvia	93			7
37	Libya	41	59		
38	Lithuania	100			
39	Luxembourg				100
40	Macedonia (Form. Yugosl. Rep. of)		100		
41	Malaysia	100			
42	Mali	100			
43	Mexico	100			
44	Mongolia		100		
45	Netherlands			81	19
46	New Zealand			100	
47	Nigeria	100			
48	Pakistan				100
49	Philippines				100
50	Poland	24		49	27
51	Portugal	32	68		
52	Romania			5	95

53	Russian Federation	100			
54	Singapore				100
55	Slovakia	84		12	4
56	Spain	100			
57	Sri Lanka	95			5
58	Sweden			100	
59	Switzerland			40	60
60	Syria	100			
61	Thailand	79	21		
62	Tunisia	100			
63	Turkey	100			
64	Uganda	100			
65	Ukraine			84	16
66	United Arab Emirates	99	1		
67	United Kingdom	62			38
68	United States	13		52	35
69	Uruguay	100			
70	Venezuela		100		
71	Vietnam	32	6	44	18
72	Yemen	100			
73	Zambia		100		

Types of end-user:

1. Armed Forces – Army, Airforce, Navy
2. Police
3. Industry
4. Retail, Museums etc.

TABLE 4 - Value of exported military equipment in 2003 - 2006

	2006	2005	2004	2003
approximate value in thous. of EUR				
North Africa	7096	3470	6043	19659
Algeria	2213	2265	5292	17491
Libya	712	0	0	0
Morocco	0	362	199	0
Tunisia	4171	843	552	2168
Sub-Saharan Africa	1581	1683	1051	2188
Angola	0	304	0	0
Cape Verde	0	5	0	0
Chad	0	3	0	0
Congo (Democratic Republic of)	0	0	0	992
Ethiopia	1015	839	709	307
Kenya	0	0	222	733
Malawi	0	0	1	0
Mali	3	422	0	0
Nigeria	539	110	38	156
South Africa		0	81	0
Zambia	24	0	0	0
North America	9433	13215	4668	5429
Canada	96	207	110	467
United States	9337	13008	4558	4962
Central America and the Caribbean	221	1450	212	281
Dominican Republic	0	33	0	0
Mexico	221	1333	212	281
Trinidad and Tobago	0	84	0	0
South America	1208	1907	1505	615
Chile	3	0	1	243
Colombia	438	1733	1424	372
Ecuador	68	63	0	0
Peru	0	1	0	0
Uruguay	118	110	80	0
Venezuela	581	0	0	0

Central Asia	324	1515	1815	122
Kazakhstan	324	1515	1685	122
Uzbekistan	0	0	130	0
North East Asia	1282	2165	3038	132
China (Hong Kong)	1	0	0	0
China (Mainland)	1166	2162	3006	100
Japan	81	0	0	0
Korea (Democratic Republic of)	0	0	0	32
Mongolia	34	3	31	0
Taiwan	0	0	1	0
South East Asia	5650	6032	4921	5262
Indonesia	167	0	625	1778
Malaysia	357	21	3	45
Philippines	19	0	12	83
Singapore	139	15	0	0
Thailand	2221	2268	3146	2519
Vietnam	2747	3728	1135	837
South Asia	9186	5579	20791	17736
Afghanistan	205	355	1842	0
Bangladesh	437	578	1021	565
India	7024	3793	17240	17025
Pakistan	46	3	2	12
Sri Lanka	1474	850	686	134
Europe Union	38639	33850	30314	21043
Austria	956	7	52	4
Belgium	257	277	456	179
Cyprus	59	488	0	0
Denmark	4	0	0	0
Estonia	3158	19	68	29
Finland	72	138	48	85
France	216	12	534	248
Germany	3865	1765	3992	1466
Greece	361	286	69	21
Hungary	99	1283	988	2377
Italy	13	0	0	0
Latvia	3318	606	47	16
Lithuania	435	797	262	1295

Luxembourg	18	0	0	0
Netherlands	100	48	33	54
Poland	6271	4556	7424	1639
Portugal	14	50	7	0
Slovakia	18748	21089	13085	12866
Slovenia	14	97	64	70
Spain	206	193	330	325
Sweden	383	240	0	334
United Kingdom	72	1899	2855	35
Other European countries	9598	7734	5314	3961
Azerbaijan	230	717	165	363
Bulgaria	540	1622	460	169
Croatia		0	96	13
Georgia	6196	3264	2043	1363
Macedonia (Former Yugoslav Republic of)	68	25	1148	0
Norway	2	0	0	1
Romania	838	207	81	263
Russian Federation	327	1021	911	1705
Switzerland	66	25	31	82
Turkey	9	41	21	2
Ukraine	1322	812	358	0
Middle East	8744	9456	10019	6460
Egypt	4646	3443	1648	854
Iraq	38	2063	2873	2286
Israel	261	1289	821	1803
Jordan	299	0	1	295
Kuwait	12	186	0	0
Lebanon	0	712	342	140
Oman	0	5	0	0
Qatar	0	0	0	0
Saudi Arabia	0	551	957	0
Syria	215	267	0	110
United Arab Emirates	202	936	1022	972
Yemen	3071	4	2355	0
Oceania	27	2	7	0
New Zealand	27	0	7	0
Australia	0	2	0	0

Total	92989	88058	89700	82888
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TABLE 5 - Imports of selected military equipment into the Czech Republic in 2006

Military equipment (Example)	Quantity	Destination (most important)
Revolvers and pistols		
<i>(Glock and CZ (different types), Tokarev 1933)</i>	8284	Slovakia, Austria, Bulgaria, Ukraine, USA
Rifles and carbines		
<i>(Mauser, Mosin, Enfield)</i>	3134	Germany, Ukraine, Italy
Submachine guns		
<i>(MPPS, Thompson, Špagin, Sudajev)</i>	2855	Hungary, Germany, Ukraine, Switzerland
Self-loading rifles		
<i>(M16, Stgw 58, SR47)</i>	218	USA, Bulgaria, Germany
Light machine guns		
<i>(PKMS, MG34, M60)</i>	346	Hungary, Ukraine, USA
Heavy machine guns		
<i>(RPK, Maxim)</i>	1554	Hungary, Ukraine, United Kingdom
Tanks		
<i>(Merkava, Centurion, ČKD AH-IV)</i>	3	United Kingdom, Sweden, Israel
Large calibre artillery systems		
<i>(Multiple Rocket Launcher BM 21)</i>	20	Hungary
Helicopters		
<i>(Mi-35)</i>	10	Russian Federation

TABLE 6 - Exports of selected military equipment from the Czech Republic in 2006

Military equipment (Example)	Quantity	Destination (most important)
Revolvers and pistols		
<i>(CZ different types, Nagant, Tokarev 1938)</i>	35363	USA, Thailand, Egypt, Colombia, Vietnam, Kazakhstan, Mexico, Slovakia
Rifles and carbines		
<i>(CZ 7858, Mauser, Mosin)</i>	3855	USA, Kazakhstan, Canada, Belgium, Slovakia
Submachine guns		
<i>(CZ Škorpion, Špagin PPS 41, Thompson 1928, CZ 75 AUTO)</i>	196	Switzerland, France, Kuwait, Finland
Automatic rifles		
<i>(CZ vz. 58)</i>	30	USA, Kazakhstan, France, Finland
Self-loading rifles		
<i>(UK vz. 59, MG 43, M53)</i>	19	Slovakia, Finland
Heavy machine guns		
<i>(NSV, Browning, Maxim)</i>	159	Poland, Switzerland, France, Slovakia
Rocket propelled grenade weapons		
<i>(IRPG-7)</i>	460	Japan, Afghanistan
Tanks		
<i>(T-72, VT-55A)</i>	37	Georgia, Slovakia
Large calibre artillery systems		
<i>(152 mm howitzer vz. 77 Dana)</i>	42	Georgia

Aircrafts

<i>(MiG 21, 23. L-39)</i>	4	USA, Austria
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Helicopters

<i>(Mi 17)</i>	1	Latvia
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This table does not include exports of modified vehicles purchased by private collectors (for example BVP-1, OT-810).

TABLE 7 - Number of export licences granted under Act No. 38/1994

Year	Number of licences issued
1999	1008
2000	985
2001	1041
2002	990
2003	1232
2004	1332
2005	1471
2006	1408

TABLE 8 - Permits to engage in foreign trade in military equipemet in 2006

Number of applications for the permit	44
Total number of decisions	44
negative decisions	1
Number of canceled permits	1
Number of permit holders by the end of 2006	140
Number of permit holders by the end of 2005	135

The complete list of permit holders is available at the web site of the Ministry of Trade and Commerce. The line of business is stated in the Commercial Register.

TABLE 8 - Permits to engage in foreign trade in military equipemet in 2006

Number of applications for the permit	44
Total number of decisions	44
negative decisions	1
Number of canceled permits	1
Number of permit holders by the end of 2006	140
Number of permit holders by the end of 2005	135

The complete list of permit holders is available at the web site of the Ministry of Trade and Commerce. The line of business is stated in the Commercial Register.

**TABLE 9 - Conversion of categories of Czech Republic military list (CME)
and the EU common military list (ML)**

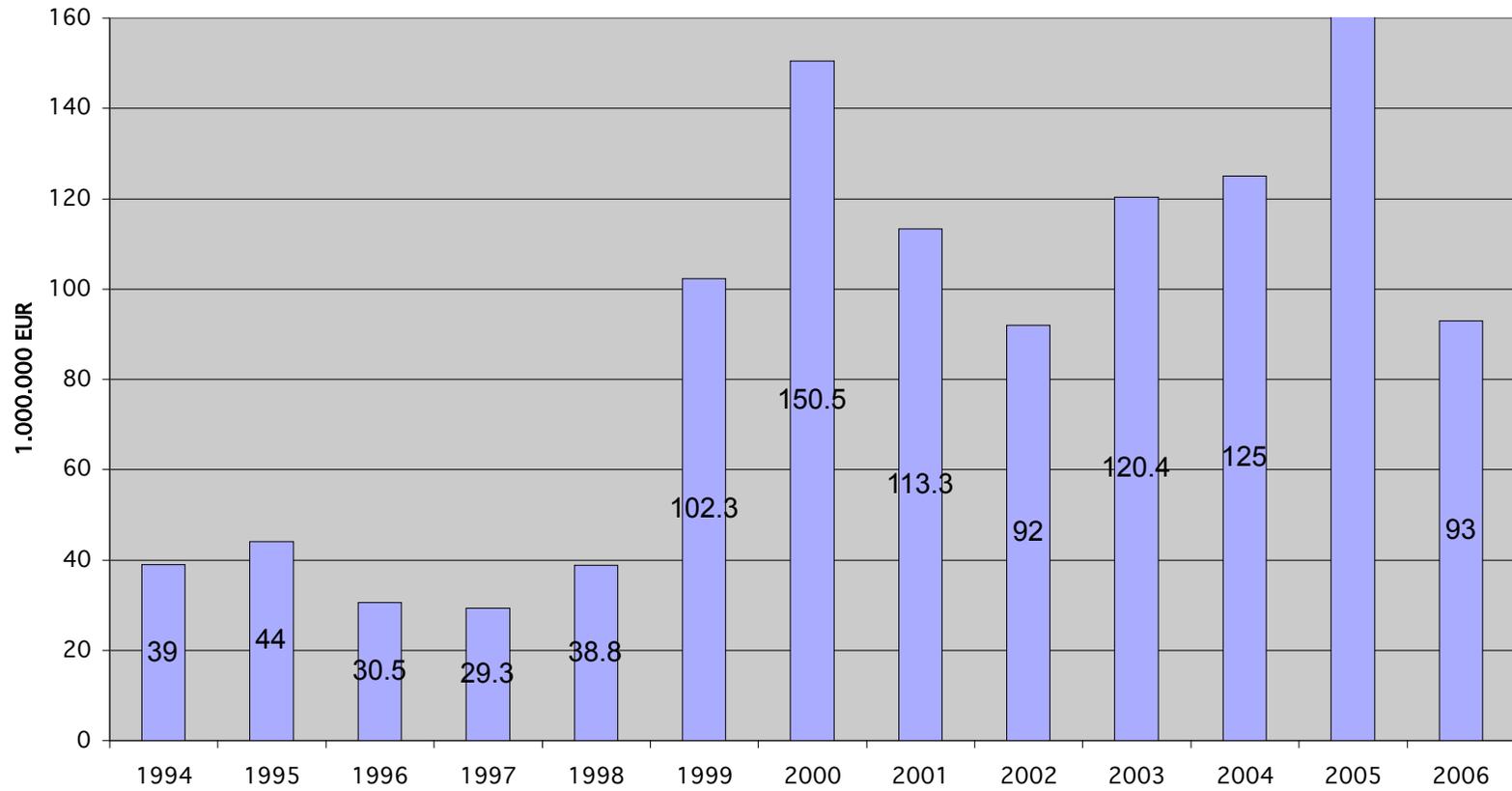
CME	◆	ML
CME 1	Smooth-boreweapons with a calibre of less than 20 mm, other arms and automatic weapons with a calibre of 12,7 mm and specially designed components therefor.	ML 1
CME 2	Smooth-boreweapons with a calibre of 20 mm or more, other weapons or armament with a calibre greater than 12,7 mm and 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	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	therefor.	ML 12
CME 24	Services.	ML 22

TABLE 10 - Export of small arms for hunting, hobby or self-defence in 2006

Pistols and revolvers	
Licences used	155
Quantity	36,432
Approx. Value	7 500 000 EUR
Examples	CZ different types, Alfa, Holec Kora, Drulov, Kevin
Destinations	Argentina, Australia, Belize, Bosnia - Herzegovina, Bolivia, Brazil, Bulgaria, Cameroon, Canada, Chile, Costa Rica, Croatia, Egypt, Ecuador, Guatemala, Guyana, Kazakhstan, Kenya, Kuwait, Mexico, Moldova, Namibia, Nicaragua, Norway, Oman, Peru, Philippines, Paraguay, Salvador, South Africa, Switzerland, Tanzania, Thailand, Turkey, Ukraine, Uruguay, USA, Zambia
Shotguns, Smoothbore guns, Small-bore rifles	
Licences used	163
Quantity	44,298
Approx. Value	7 918 000 EUR
Examples	CZ different types, ZKM different types, ZK, BO different types
Destinations	Argentina, Australia, Belize, Bosnia - Herzegovina, Bulgaria, Canada, Chile, Costa Rica, Croatia, Egypt, Ecuador, Guatemala, Guayana, Izrael, Island, Kazakhstan, Kenya, Kuwait, Macedonia, Mexico, Moldova, Mongolia, Namibia, Nicaragua, Norway, New Caledonia, Peru, Philippines Paraguay, Russian Federation, Salvador, Serbia, South Africa, Switzerland, Tanzania, Thailand, Ukraine, USA, Uruguay, Zambia

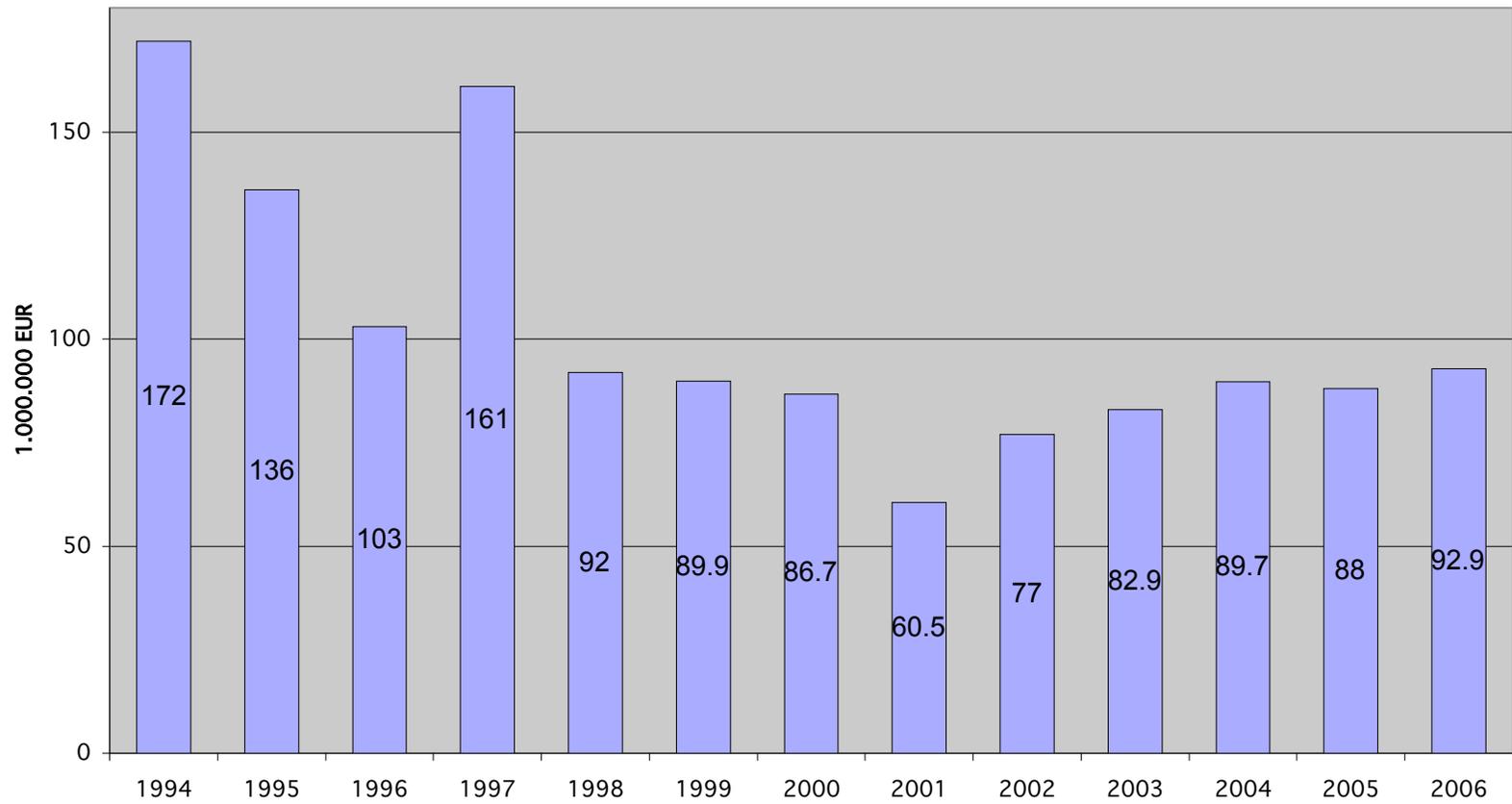
rok	mil. Euro
1994	39
1995	44
1996	30.5
1997	29.3
1998	38.8
1999	102.3
2000	150.5
2001	113.3
2002	92
2003	120.4
2004	125
2005	726.8
2006	93

Import of military equipment between 1994 - 2006



rok	mil. Euro
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	92.9

Exports of military equipment between 1994 - 2006



ANNEX C

ARMS EMBRAGOES AND RESTRICTIVE MEASURES IN 2006

State	SC UN Resolution, EU Common Position, OSCE Decision	Embargo/ prohibited goods/ services	Czech restrictive measures
All Destinations		Antipersonnel mines	Act No. 305/1999
Afghanistan (Taliban, Al- Qa'ida)	UNSCR 1333 (19.12.2000) UNSCR 1390 (16.1.2002) 2002/402/CFSP (27.5.2002) 2003/140/CFSP (27.2.2003)	UN and EU arms embargo applying to the territories controlled by Taliban, extent to Usama bin Ladin and Al-Qa'ida	Act No. 38/1994, to regulate foreign trade in military equipment and to amend other legislation ("Foreign Trade in Military Equipment Act")
Armenia	UNSCR 853 (29.7.1993) OSCE decision (28/2/1992)	Non binding UN embargo and politically binding OSCE arms embargo	
Azerbaijan	UNSCR 853 (29.7.1993) OSCE decision (28/2/1992)	Non binding UN embargo and politically binding OSCE arms embargo	
Nagorno- Karabakh	OSCE decision (28/2/1992)	Non binding UN embargo and politically binding OSCE arms embargo	
Burma (Myanmar)	2004/423/CFSP (26.4.2004) 2005/340/CFSP (25.4.2005) 2006/318/CFSP (27.4.2006)	EU arms embargo	
People's Republic of China (excluding Hong Kong and Macao Special Administrative Region)	Declaration by the Madrid European Council (27.6.1989)	EU arms embargo that the Czech Republic interprets as covering war material and equipment that may be used for internal repression	

Côte d'Ivoire	UNSCR 1572 (15.11.2004) UNSCR 1643 (15.12.2005) UNSCR 1727 (15.12.2006) 2004/852/CFSP (15.12.2004) 2006/30/CFSP (15.12.2006)	UN and EU arms embargo	
ECOWAS Member states: Benin Burkina Faso Cape Verde Côte d'Ivoire Gambia Ghana Guinea Guinea Bissau Liberia Mali Mauritania Niger Nigeria Senegal Sierra Leone Togo	The Moratorium on export, import and fabrication of small and light weapons with exceptions where the goods are to meet legitimate security needs (1.11.1998).	The Moratorium applies to pistols, rifles, sub-machine guns, carabines, machine guns, anti-tanks missiles, mortars and howitzers up to 85mm and ammunition and spare parts for the above.	
Iraq	UNSCR 661 (6.8.1990) UNSCR 1483 (22.5.2003) UNSCR 1546 (8.6.2004) Declaration 56/90 (4.8.1990) 2003/495/CFSP (8.7.2003) 2004/553/CFSP (9.7.2004)	UN and EU arms embargo (exceptions: Government of Iraq and the multinational force serving the purpose of UNSCR 1483)	Decree No. 486/1991 defining the limitations of trade with Iraq was annulated by the Decree No. 171/2003
Democratic Republic of Congo	UNSCR 1493 (28.7.2003) UNSCR 1596 (18.4.2005) 2005/440/CFSP (13.6.2005)	UN and EU arms embargo with some exceptions	
Democratic People's Republic of Korea	UNSCR 1718 (14.11.2006) 2006/795/CFSP (20.11.2006)	UN and EU arms embargo	

Lebanon	UNSCR 1701 (11.8.2006) 2006/625/CFSP (15.9.2006)	UN and EU arms embargo with some exceptions	
Liberia	UNSCR 1521 (2003) UNSCR 1579 (21.12.2004) UNSCR 1647 (20.12.2005) UNSCR 1683 (13.6.2006) UNSCR 1731 (20.12.2006) 2004/137/CFSP (10.2.2004) EC Regulation No.234/2004 (10/02/04) 2006/31/CFSP (23.11.2006) 2006/518/CFSP (24.7.2006)	UN and EU arms embargo with some exceptions	
Rwanda	UNSCR 918 (17.5.1994) UNSCR 997 (9.6.1995) UNSCR 1011 (16.8.1995)	UN arms embargo (exception: Government of Rwanda)	
Sierra Leone	UNSCR 1132 (8.10.1997) UNSCR 1171 (5.6.1998) UNSCR 1299 (19.5.2000) 1998/409/CFSP (29.6.1998)	UN and EU arms embargo with some exceptions	
Somalia	UNSCR 733 (23.1.1992) UNSCR 1356 (19.6.2001) UNSCR 1425 (22.7.2002) UNSCR 1725 (6.12.2006) 2002/960/CFSP 10.12.2002	UN and EU arms embargo with some exceptions	
Sudan	UNSCR 1556 (30.7.2004) UNSCR 1591 (29.3.2005) 2004/31/CFSP (9.1.2004) 2005/411/CFSP (30.5.2005)	UN and EU arms embargo with some exceptions	
Uzbekistan	2005/792/CFSP (14.11.2005) 2006/787/CFSP (13.11.2006)	EU arms embargo	

Zimbabwe	2004/161/CFSP (19.2.2004) 2005/140/CFSP (21.2.2005) 2006/51/CFSP (30.1.2006)	EU arms embargo	
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