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# Annual report on The Netherlands arms export policy 2007

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# Annual Report The Netherlands arms export policy in 2007

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## **1. Introduction**

The present report on the Netherlands arms export policy in 2007 is the eleventh annual report drawn up in accordance with the “Policy paper on greater transparency in the reporting procedure on exports of military goods” (Parliamentary Proceedings 22 054 No. 30, 27 February 1998). The report comprises:

- a summary of the principles and procedures of the Netherlands arms export policy,
- a description of developments relating to transparency,
- an outline of the Dutch defence-related industry,
- a description of developments within the EU relevant to the arms export policy,
- an outline of the role and significance of the Wassenaar Arrangement, and
- a description of efforts in the field of arms control with specific reference to the problem of small arms and light weapons.

*Appendix 1* to the report states the values of licences for exports of goods issued in 2007 by category of military goods and by country of final destination. *Appendix 2* shows the trend in Netherlands arms exports for the period 1996-2007. *Appendix 3* contains a table of the licences issued for transit of military goods to third countries. *Appendix 4* lists the licence and sondage denials notified by the Netherlands to its EU partners. These notifications form part of the EU Code of Conduct governing exports of military goods. *Appendix 5* contains information of disposals of surplus defence equipment made in 2007.

## **2. Instruments and procedures of the arms export policy**

Licences for the export of military goods are issued on the basis of the Import and Export Act. Companies or persons intending to export goods or technology appearing on the list of military goods pertaining to the Annex to the Strategic Goods Import and Export Order apply to the Central Import and Export Service (Centrale Dienst Voor In- en Uitvoer, CDIU) for an export licence. The CDIU forms part of the Tax and Customs Service/North (Belastingdienst/Douane Noord) Department of the Ministry of Finance and, with regard to arms export policy aspects, receives its instructions from the Ministry of Economic Affairs. Applications for the export of military goods to NATO and EU member states and equated-status countries (Australia, Japan, New Zealand and Switzerland) are in principle dealt with by the Ministry of Economic Affairs. During the year exceptions to this rule applied for Bulgaria, Cyprus, Romania and Turkey. Applications for exports to these as well as all other countries are submitted to the Minister of Foreign Affairs for advice. The latter’s advice plays an essential role in the decision-taking process on the issue of an export licence. If no objections are found to exist with regard to the intended export, the Ministry of Economic Affairs will issue an export licence.

In the case of applications for exports to developing countries appearing on the OECD DAC1 list, the Minister of Foreign Affairs will first consult with the Minister for Development Co-operation, and will then advise the Minister of Economic Affairs on the basis of that consultation.<sup>1</sup>

In the case of exports of weapons being disposed of by the Dutch armed forces, Parliament receives prior confidential notification from the State Secretary of Defence. Disposals of this nature are subject to the regular licence procedure and – just like commercial export transactions – such transactions are assessed by the Ministry of Foreign Affairs against the criteria of the arms export policy.

An amendment to the Import and Export Act in 2001 created the possibility for the classification and assessment system of the arms export policy to be extended in certain cases to the transit of strategic goods across Netherlands territory. By means of a subsequent amendment to the Strategic Goods Import and Export Order, three distinct forms of transit control were then introduced.

First, a generic mandatory licence for cases where military goods in transit remain in the Netherlands for an extended period or where they undergo some processing operation in the course of transit. Exempted from such mandatory licensing are transit consignments which are subject to the effective export control of a friendly (partner) country or an ally or which are destined for one of these countries, i.e. EU member states, NATO allies, Switzerland, Australia, New Zealand and Japan.

Secondly, a means to impose an ad hoc mandatory licence for consignments of military goods not covered by the generic mandatory licence. This form can be used in particular where there are indications that a consignment is not already subject to the effective export control of the country of origin or where it would appear that, in the course of its transit through Netherlands territory, a consignment may be redirected to a destination other than intended upon the issuance of an export licence.

Thirdly, a mandatory notification for transit consignments of all military goods appearing on the list pertaining to the Annex to the Strategic Goods Import and Export Order. This is intended primarily to gain improved insight into the position occupied by the Netherlands as a transit country, but also to generate more information in support of decisions on whether or not to impose the above-mentioned ad hoc mandatory licence.

In the year under review, the State Secretary of Economic Affairs announced his intention to discontinue the distinction between controls on slow transit and fast transit, thereby introducing a generic licensing arrangement for any transit of military goods not already involving a friendly (partner) state or an ally.

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<sup>1</sup> The OECD DAC list is a list of countries receiving international financial aid, drawn up by the Organisation for Economic Co-operation and Development (OECD).

### 3. Principles of the arms export policy

Applications for licences for the export of military equipment are assessed on a case-by-case basis against the eight criteria of the arms export policy with due consideration for the nature of the product, its country of final destination and end user. These eight criteria were agreed by the European Councils of Luxembourg (1991) and Lisbon (1992), and they read as follows:

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1. *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 non-proliferation and other subjects, as well as other international obligations.*
2. *The respect of human rights in the country of final destination.*
3. *The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.*
4. *Preservation of regional peace, security and stability.*
5. *The national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.*
6. *The 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.*
7. *The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.*
8. *The compatibility of the arms exports with the technical and economic capacity of the recipient country, 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.*

In June 1998 the member states of the European Union adopted the EU Code of Conduct for arms exports, in which they agreed on a common interpretation of the criteria of the arms export policy. The Code also incorporates a mechanism for information exchange, notification and consultation in cases where one member state has an export licence under consideration for a destination for which a similar licence has previously been denied by another. The Code of Conduct sets minimum standards. The Code expressly acknowledges the right of member states nationally to apply a more restrictive arms export policy than required by the Code.<sup>2</sup> The User's Guide to the Code states guidelines for application of the individual criteria (refer also to section 7).

Bosnia-Herzegovina, Canada, Croatia, the Former Yugoslav Republic of Macedonia, Iceland and Norway have officially endorsed the criteria and principles of the EU Code of Conduct. Furthermore, Norway exchanges information with the EU relating to licence denials.

The Netherlands as a matter of course observes in full the arms embargoes instituted within EU, OSCE and UN frameworks. On 23 January 2006 the embargo on Bosnia-Herzegovina was lifted. In 2007 new sanctions were instituted in relation to Iran.

With effect from April 2007 a website was opened offering access to a table showing relevant national arrangements for implementation of UN and EU sanctions including arms embargoes: [www.minbuza.nl/sancties](http://www.minbuza.nl/sancties). In view of the availability of current information via this site it has been decided to discontinue the inclusion in the Annual Report of an appendix in the form of a table listing the arms embargoes operating in the year under review. In addition to the table on the above-mentioned website, it should be noted that a non-binding UN embargo has been in force for Armenia and Azerbaijan since 1993 (UN Security Council resolution 853). Likewise an OSCE embargo on arms and ammunition is applicable to the warring factions in Nagorno-Karabakh (decree of the Senior Committee - predecessor of Permanent Council – of 28 February 1992). It may also be noted that sanctions no longer in force can be viewed at the Dutch language website on legislation [www.wetten.nl](http://www.wetten.nl).

#### **4. Transparency in the arms export policy**

In accordance with a pledge made by the Minister of Foreign Affairs in the course of a debate in December 1997 on the Foreign Affairs budget, the Government in February 1998 submitted a policy paper on greater transparency in the reporting procedure on exports of military goods (Parliamentary Proceedings 22 054, No. 30). The present report on 2007 is the eleventh non-confidential report which has been issued since then. It is based on the value of the licences issued by category of military goods and by country of final destination. In order to further enhance the transparency of the figures, the

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<sup>2</sup> The text of the EU Code of Conduct is available via the European Union website: <http://ue.eu.int>.

tables stating the value by country of final destination also specify the relevant goods categories. For the purpose of clarifying the overall trend, it has been decided to present both the consolidated figures for 2007 as a whole, and the figures for first-half and second-half 2007 separately. Furthermore, information is also included on licence denials notified to the EU partners in the context of the EU Code of Conduct (see Appendix 4).

Besides the present report on Netherlands exports of military good since 2007, non-confidential information is also otherwise available on the arms export policy. For example, at [www.exportcontrole.ez.nl](http://www.exportcontrole.ez.nl) the Central Import and Export Service publishes the “Strategic Goods Manual” (Handboek Strategische Goederen). This manual is intended for persons, companies and organisations with professional interests in procedures governing imports and exports of strategic goods. It provides users with information on the policy objectives and relevant legislative measures and procedures, besides containing a wealth of practical information. In this way the manual increases user awareness of this specific area of policy. The manual is regularly updated in the light of national and international developments in this area.

In addition, the above-mentioned website also presents a range of information on the export and transit of strategic goods, including the present annual report as well as key data on all licences issued for the export of military goods and also monthly summaries stating core data on the transit of military goods across Netherlands territory. These data are taken from the mandatory notifications of such movements which have to be made to the Central Import and Export Service (Centrale Dienst voor In- and Uitvoer, CDIU). With this additional information reported on the export controls website, this website now contains monthly summaries of all licences issued for military goods, all licences issued for dual-use goods, and of all notifications received for transit of military goods. In common with the practice in recent years, the data on transit licences issued are included in the present Annual Report (Appendix 3).

## **5. The Dutch defence-related industry**

With very few exceptions, the Dutch defence-related industry consists above all of civil enterprises and research organisations with divisions specialising in military production. Although this sector is small in size, it is nevertheless characterised by high-tech production, ongoing innovation and highly skilled personnel. Within the bounds of a responsible foreign and security policy, the Government’s policy is aimed at retaining this technologically valuable capability for the Netherlands. To this end, Dutch companies are involved in national military tenders, either directly or indirectly through offset orders.

Because the national market is clearly too small to maintain the available expertise independently, the Dutch defence-related industry is also encouraged to take part in international joint ventures and co-operation in the field of

defence equipment. This has led to the establishment of commercial relations with above all Belgian, British, French, German and American enterprises, also involving joint commitments relating to systems maintenance and subsequent components delivery. Joint ventures also play an important role where supplies to third countries are concerned. Accordingly, the scope for Dutch companies to enter into long-term international joint ventures and co-operation arrangements depends in part on the transparency and the consistency of the Netherlands arms export policy.

The importance of the export activities of this sector is recognised as an essential condition for the continuity of the existing technological base. Equally, it is recognised that, in the interests of the international legal order and the safeguarding of peace and security, limits must be imposed on the export activities of the defence-related industry. Within those limits, in the Government's judgement the Dutch industry should be able to meet other countries' legitimate needs for defence equipment. Bearing in mind the above-mentioned conditions and circumstances, the Dutch defence-related industry has pursued a policy of increasing specialisation. Those companies with the largest export share in their military production manufacture principally advanced components and sub-systems. Although the maritime sector in particular still has the capability to undertake all the production stages from drawing-board to launching-slip, Netherlands exports of complete weapons systems in recent years can be virtually entirely accounted for by disposals by the Dutch armed forces of surplus defence equipment.

The most recent quantitative data on the defence-related industry was made available on a voluntary basis by the firms concerned in the context of a study which was submitted to Parliament as information in 2004<sup>3</sup>. It deals with production (civil/military), exports (as a share of total sales), manpower, etc. For a number of years around 250 SME firms in the Netherlands have in some way been engaged in military production. It should nevertheless be noted that military production is defined as production intended for domestic and foreign defence orders, and not as production of goods which are classified as military goods in accordance with the Strategic Goods Import and Export Order.

Military production accounts for on average an estimated total Dutch turnover of between € 1.5 billion and € 2.0 billion on an annualised basis. This represents an average share of 4% of the total turnover of the companies and organisations concerned, most of which therefore perform mainly civil work. There are only a few firms that concentrate virtually completely on the defence market. Of the total exports by these companies and organisations, about 45% or approximately € 770 million is classified as military exports. The development of advanced technology associated with military production enables these companies and organisations to accomplish product innovations and is in addition an important source of military spin-offs and civil spill-overs. Sectors in

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<sup>3</sup> Performed by Research voor Beleid Consultants and presented by letter from the State Secretary of Economic Affairs dated 16 July 2004, Parliamentary Proceedings 2003-2004, 26231 No.10.



which the Dutch defence-related industry operates include development and production in shipbuilding, aerospace technology, radar technology, as well as transport, infrastructure, and ICT. Military production accounts for about 11,000 jobs. In the meantime a new study has been initiated order to update the data contained in this study. Its results will become available in 2008.

## **6. Defence Industry Strategy**

The Ministries of Defence and Economic Affairs have drawn up a Defence Industry Strategy (DIS), with input from the industry. The DIS is an overall strategic view on the Dutch defence-related industry and the government's role therein. To achieve and maintain a position on the international defence market is primarily the industry's own responsibility but certainly in the years to come that will be strongly influenced by the national government. The DIS examines the possibilities for the above-mentioned Ministries to consolidate and internationally position the Dutch defence-related industry, given that an outstanding Dutch industry is an important base both for Defence as a smart buyer, smart user and smart maintainer of equipment and for an innovative national economy. The final report on the Defence Industry Strategy was presented to Parliament in 2007.<sup>4</sup>

The DIS charts international developments on the defence market. Above all the strong consolidation of the defence industry coupled with the cautious evolution towards a more open international defence market call for changes in policy towards Dutch industry. The strategic view of the defence-related industry is predicated on the assumption that this industry can only be successful if the companies form part of international networks focusing on the development, production and maintenance of equipment, in other words supply chains. It is important to grasp international opportunities and to seek synergy between the Defence Ministry's needs and those of the civil market, because the Dutch defence market is relatively small. In that context the DIS proposes fields of technology where Dutch industry has the capability to excel and thereby consolidate its position on the European market.

The Defence Industry Strategy catalogues policy instruments whereby both ministries can contribute towards the consolidation and international positioning of Dutch industry. In response to the Strategy, the Ministry of Defence, the Ministry of Justice, and the Ministry of Home Affairs and Kingdom Relations among others are engaged in drafting an innovation programme on Security matters. Besides stimulatory measures in those fields where the industry can excel, efforts aimed at opening up the market are being undertaken in an international framework, to begin with in Europe. EU and EDA initiatives are receiving support. Currently, in the run-up to a more open market Government support for Dutch companies wishing to enter the international market is being sourced through compensation arrangements and understandings on work

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<sup>4</sup> Parliamentary Proceedings 2006-2007, 31125, No.1.

distribution within joint ventures. As indicated above, all of this is projected within the bounds of the Dutch arms export policy.

## **7. EU co-operation**

EU co-operation on arms exports is co-ordinated within COARM, the Working Group on Conventional Arms Exports. On behalf of the Netherlands, representatives of the Ministry of Foreign Affairs and the Ministry of Economic Affairs attend COARM meetings. In COARM, within the framework of the EU Common Foreign and Security Policy (CFSP) the member states exchange information on their arms export policy and endeavour to improve mutual co-ordination of these policies and the relevant procedures. This co-operation is based on the EU Code of Conduct referred to in Section 3 of this annual report.

An important item on the COARM agenda in 2006 was the drafting of best practice guidelines for the application of the various individual criteria of the Code of Conduct. This project was completed in June 2007. Common interpretation of the individual criteria of the EU Code of Conduct promotes harmonisation of the arms export policy of the EU member states and contributes towards integration of the Code system in new member states. At the same time the guidelines are proving to be a useful instrument for the purpose of outreach activities to non-EU countries. The guidelines have been incorporated in the User's Guide to the Code of Conduct<sup>5</sup>.

The User's Guide also provides practical guidelines regarding the information and consultation procedure on licence denials. Also, the central database of national denials, which is maintained by the EU Council Secretariat in Brussels, has been operational since January 2004. The intention is that, prior to issuing licences, EU member states will consult this database to see whether similar cases have met with denials from other member states. If that is the case, consultation is required. If the prior denial is not followed, the reasons for doing so must be stated.

October 2007 saw publication of the ninth EU annual report (drawn up by COARM)<sup>6</sup>, reviewing the subjects discussed within COARM. The report also contains detailed statistical information on exports of military equipment by the EU member states in 2006. The report includes export data classified by member state and by country of final destination, in addition to stating numbers of licences issued as well as the value of the licences issued. Most member states also report the value of exports actually realised. The Netherlands also supplies these data, but holds the opinion that information on issued licences always reflects the impact of the arms export policy more completely and therefore more realistically. Furthermore, where possible the data are classified by category of the military list. Since exports in support of international missions (UN missions) in embargoed countries frequently attract questions, for the first

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<sup>5</sup> The User's Guide is published via the website of the European Union: <http://ue.eu.int>  
[http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=1484&lang=nl&mode=g](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1484&lang=nl&mode=g)

<sup>6</sup> Official Journal of the European Union, C 253, Vol. 50, 26 October 2007.

time the ninth annual report also includes separate tables with summaries showing supplies for the purpose of international missions. Lastly, the report states the aggregated numbers of licence denials issued in 2006 and the relevant criteria applied, in addition to the number of consultations undertaken by EU partners.

In anticipation of the publication of the tenth EU annual report later this year, it may be reported that in 2007 member states notified a total of around 425 licence denials in the EU context, representing an increase relative to preceding years (in 2004: 300, and in 2005: 365. The number of consultations conducted was around 125, broadly corresponding with preceding years with the exception of 2006, when the number of consultations was significantly lower.

In 2007 the Netherlands was furthermore involved in a total of eight consultations. Four were initiated by the Netherlands, and the Netherlands was consulted by other member states on four of its denials.

Also in 2007, the Council unfortunately was unable to adopt the revised EU Code of Conduct although agreement in principle had already been reached in 2005 both on the substance of the revision and on the transformation of the (politically binding) Code into a (legally binding) Common Position.

As stated in previous Annual Reports on arms export policy, the new elements envisaged in the revised Code of Conduct are:

- broadening the scope of the code to include - insofar as these are legally required - licence applications relating to brokering, transit, intangible forms of technology transfer, and transfer of production licences;
- tightening criterion 2 (human rights) by including a reference to respect of international humanitarian law;
- explicit reference to the risk of reverse engineering (i.e. deducing the production process by analysing the product itself);
- including in the preamble the importance of the UN Register of Conventional Arms as an element in the assessment of licence applications.

The Toolbox proposal developed by the Netherlands with regard to post-embargo destinations did not appear on the agenda in the year under review. The Toolbox is to be incorporated in the User's Guide in due course, and contains measures designed to augment transparency with regard to granted licences and to further intensify consultation among member states concerning export policy. As yet there is no agreement on the period of applicability of this instrument or on what classes of licences will be subject to Toolbox.

## **8. The Wassenaar Arrangement**

On the multilateral level, developments surrounding arms exports are discussed in the framework of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (WA). In the year

under review altogether 40 countries, including the United States, Russia and the EU member states<sup>7</sup>, participated in this forum, which owes its name to the town where, under the presidency of the Netherlands, the negotiations were conducted on the founding of the Arrangement. These countries together are estimated to account for over 90% of total world exports of military goods.

The goal of the WA (as stated in the Initial Elements<sup>8</sup>) is to contribute towards regional and international security and stability. This goal is pursued by means of regular information exchange relating to exports to third parties of arms and of goods that can be used for military purposes. The intention is to promote a greater sense of responsibility in national assessments of applications for licences for exports of such goods. Clearly, more information will enable participating states to assess with greater accuracy whether the arms build-up of certain countries or regions exceeds their legitimate needs for defence equipment. If that is the case, this should result in participating states becoming more cautious in their licence issuing policy towards such countries of final destination.

In addition to a list of (conventional) dual-use goods that is applicable to the Netherlands via the EU Dual-Use Regulation, the Wassenaar Arrangement has a list of military goods which are deemed to be subject to export controls. In the Netherlands, this control list forms an integral part of the Strategic Goods Import and Export Order. Each revision of the WA list therefore automatically results in an amendment to that Import and Export Order.

For the Wassenaar Arrangement 2007 was an evaluation year. In the course of this assessment four additional meetings were organised in Vienna, at each of which four Task Forces considered possibilities of reaching additional understandings. For example, the Task Force on Best Practices of Export Control Regulations formulated tightened definitions for the document Best Practice Guidelines for Exports of Small Arms and Light Weapons as adopted in 2002, and the document Elements for Export Controls of Man-Portable Air Defence Systems (MANPADS) dating from 2003. Furthermore this Task Force succeeded in agreeing a new document Best Practices to Prevent Destabilising Transfers of Small Arms and Light Weapons (SALW) through Air Transport, an important element in which is that the export control authorities associated with the Wassenaar Arrangement have power to make SALW export licences conditional on prior notification of details concerning the aircraft which is to carry the arms and its scheduled flight route. The purpose of this is to further suppress the risk of diversion to unintended destinations.

The Transparency Task Force examined a number of proposals intended to enhance the *internal* transparency within the Wassenaar Arrangement, for example by the addition of small-calibre ammunition to the mutual information exchange on arms exports, and by introducing the formal exchange of licence

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<sup>7</sup> In 2007 this applied to all 15 "old" EU member states. Of the twelve "new" participating states, Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia had participated in the WA since its establishment in 1996; Of the six other new member states Slovenia was admitted in 2004, and agreement on the membership of Estonia, Latvia, Lithuania and Malta was reached in April 2005. Cyprus is not yet a partner on account of objections by Turkey.

<sup>8</sup> The initial Elements can be found on the website of the Wassenaar Arrangement: [www.wassenaar.org](http://www.wassenaar.org)

denial notifications as already practised within the EU in the framework of the Code of Conduct. Partly because it was clear from the outset that these proposals would fail in the course of this assessment, the Dutch delegation in association with Norway sought with particular energy to achieve a declaration of support from the Wassenaar Arrangement for greater *external* transparency, notably in the shape of public national annual reports.

Although several delegations emphasised that such a declaration of support should not be seen as a commitment to undertake publication of such annual reports themselves, ultimately all the delegations nevertheless voted in favour of a Plenary Declaration. That declaration confirms that, ever since the foundation of the Wassenaar Arrangement, the promotion of transparency in arms exports has been one of the key instruments for the Participating States to contribute towards regional and international security and stability and welcomes the fact that meanwhile most Participating States report annually in some form to their Parliament and/or public. The Plenary meeting acknowledges in the declaration that national annual reports not only contribute towards accomplishment of the goals of the Wassenaar Arrangement but also make a contribution to transparency in the world-wide arms trade. With that in mind the Plenary meeting of the WA calls on all nations to consider a similar policy of transparency to the extent that their national legislation so allows. In conclusion, the declaration recommends publication of national annual reports – if possible also in translation – by way of supplement to existing initiatives towards voluntary transparency such as the UN Register of Conventional Arms and the UN database on national legislation concerning transfer of arms, military equipment and dual-use goods and technology.

Despite the cautious wording of the declaration and incorporation of the complete text in the full – but not public - Summary of Conclusions of the 2007 Plenary meeting, otherwise than the Netherlands would have wished it was not possible to reach a consensus on inclusion of the declaration in the Public Statement which is traditionally circulated to the international press following each Plenary meeting.

The Re-export Task Force, which examined whether Best Practices could be formulated for situations where the recipient country is not by definition the country of final destination of the goods, failed to achieve results due to disagreement about the status of former licence agreements dating back to the time of the Soviet Union and the Warsaw Pact. Lastly, the Outreach Task Force brought the Plenary meeting to the conclusion that it remains important to continue the dialogue with major arms-producing states outside the WA non-Participating States and also that – should the question arise – the WA should be ready at all times for contacts with representatives of Commissions appointed pursuant to Resolutions of the UN Security Council, in so far as the goals of the Wassenaar Arrangement may thereby be served.

In the framework of the Wassenaar Arrangement's routine activities the 2007 Plenary meeting furthermore adopted a series of amendments to the export control lists. In many cases these amounted to minor editorial modifications and clarifications, but at the same time a number of items were added or expanded, including underwater communication equipment, low-light level and infrared sensors. A regular meeting of the Wassenaar Arrangement will be held in 2008. The next assessment will take place in 2011. Further information on the principles and goals of the WA in addition to current developments and the texts of public documents can be found on the website [www.wassenaar.org](http://www.wassenaar.org).

## **9. Arms control**

The area of arms control features a number of SALW-related topics relevant to arms include activities relating to small arms and light weapons, the draft international arms trade treaty and the UN Register of Conventional Arms.

### **Cluster munitions**

In the year under review the humanitarian effects of cluster munitions ranked high on the international agenda. In mid-2007 the Netherlands decided to discontinue with immediate effect the use of cluster munitions by the Royal Netherlands Air Force.

In February 2007 Norway invited 49 countries, including the Netherlands, to attend a conference on cluster munitions in Oslo. A total of 46 participants adopted a closing declaration committing themselves politically to conclude by 2008 a legally binding instrument that will (i) prohibit the use, production, transfer and stockpiling of cluster munitions that cause unacceptable harm to civilians and (ii) establish a framework for co-operation and assistance ensuring among other things the provision of care to survivors, clearance of contaminated areas and destruction of stockpiles of prohibited cluster munitions. Furthermore the participating countries should consider taking steps at the national level and continue to address the humanitarian challenges posed by cluster munitions within the framework of international humanitarian law and in other relevant fora, in the words of the Oslo closing declaration.

The Oslo process was followed by a conference that took place from 23 to 25 May in Lima. This conference had the nature of a wide-ranging brainstorming session on elements of a future treaty intended to prohibit specified types of cluster munitions. The conference was attended by 68 countries. A third conference was held in Vienna from 5 to 7 December, and the last preparatory conference took place in Wellington, New Zealand, from 18 to 22 February 2008.

In the year under review, comprehensive information on the Netherlands policy focus with regard to a ban on cluster munitions causing unacceptable

humanitarian suffering was communicated to Parliament by letters dated 15 March, 12 July and 4 December 2007<sup>9</sup>. Similarly, details of the outcome of the Wellington conference were reported to Parliament by letter on 11 March 2008<sup>10</sup>. As is known, the Netherlands government endorsed a far-reaching prohibition on cluster munitions causing unacceptable humanitarian suffering. Reference the letter to Parliament on the Dublin outcomes, 20 June 2008.<sup>11</sup>

#### **- Complementarity**

The Netherlands is an active participant in the Oslo Process while also continuing to use its best endeavours within the framework of the Convention on Conventional Weapons (CCW). The CCW is seen as the vehicle whereby the number of participating states can be maximised. Major focuses here are the synergy and mutual reinforcement between the parallel Oslo and CCW processes. The Netherlands has made a proposal for guaranteeing the complementarity of the future treaty with existing treaties such as CCW and international humanitarian law. Of particular importance in this respect is the present Protocol V to the CCW, embodying as it does general provisions on explosive debris of war.

#### **Small arms and light weapons (SALW)**

The Netherlands government pursues a policy aimed at reducing armed violence and curbing the uncontrolled proliferation of SALW and their ammunition. The objective of the Netherlands policy is to reduce the numbers of victims of armed violence, armed conflicts and gun crime and thereby contribute towards security and stability, as a condition for sustainable development and attainment of the Poverty Reduction Objectives.

The Netherlands attaches great importance to implementation of the international understandings which have been reached at international and regional level in order to restrict armed violence and counter the proliferation of SALW. The Netherlands supports activities in countries and regions where implementation of understandings reached and controls on compliance with national legislation is absent or ineffective, for example due to insufficient capability. To achieve this objective the Netherlands policy objectives include:

- implementation of the UN Programme of Action and other multilateral and regional initiatives and understandings in the field of SALW, including brokering, and in the field of their ammunition;
- restriction of armed violence and integration of the SALW policy and development policy.

#### **- UN Programme of Action**

The United Nations Programme of Action, 2001 requires states to pursue active policies at the national, regional and international level in the field of SALW, including development and implementation of arms legislation, destruction and secure storage of (surplus) arms (and ammunition), improved co-operation among states, inter alia in the marking and tracing of illegal weapons, and

<sup>9</sup> (Parliamentary Proceedings 21 501-02, Nos. 735, 761 and 781), and also during the General Consultation session, 17 October).

<sup>10</sup> Parliamentary Proceedings 21 501-02, No. 778).

<sup>11</sup> Parliamentary Proceedings 21501-02, No. 833

assistance and support for activities in countries and regions possessing insufficient capability themselves to implement the measures as set out in the UN Programme of Action.

The UN Group of Government Experts on Brokering, chaired by the Netherlands, presented its report to the Secretary General of the United Nations at year-end 2007. In spite of efforts by the Netherlands to that end, inclusion of a recommendation to develop an international legally binding instrument aimed at restricting illicit trafficking of SALW.

#### **- OSCE**

In mid 2008, with reference to the OSCE Document on Small Arms and Light Weapons, 2000 the Netherlands reported the total import and export figures as well as the quantity of SALW destroyed in 2007. In 2007 the Netherlands supported a number of OSCE-operated SALW and ammunition destruction and storage projects in Southern and East Europe.

#### **- EU and SALW**

The EU Strategy on SALW adopted in December 2005 serves as a coherent framework for the EU policy in this regard. Owing to a current dispute between the Commission and the Council on a question of competence concerning SALW project funding in Africa (the ECOWAS case) only a few projects received (follow-up) funding in 2006 (Ukraine, Albania and UNLiREC). The EU Member States report annually on their national activities on implementation of the EU Joint Action, 2002.<sup>12</sup>

#### **- Netherlands Project Support**

A number of SALW projects received financial support from the Stability Fund. Approximately € 3 million was available for this purpose. In 2007, the Netherlands Government provided project support in for example Africa, Afghanistan, South-East Europe and Central Asia in the field of arms and ammunition destruction, secure storage and the drafting of national action plans to control illicit SALW trafficking.

Another priority for the Netherlands in 2007 was the matter of SALW and development. The Netherlands emphasises this relationship among other things in order to ensure that understandings reached within the UN Programme of Action can also be honoured by developing countries. In addition, armed violence and the SALW problem are having an adverse impact in terms of meeting the Millennium Development Objectives<sup>13</sup>. The Netherlands is in favour of integration of programmes for restricting armed violence and illicit SALW trafficking within broader national development programmes and strategies. In 2006 the then Netherlands Minister for Development Co-operation Mrs Van Ardenne signed the Geneva Declaration on Armed Violence and Development.

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<sup>12</sup> Reports can be viewed at: <http://register.consilium.europa.eu/pdf/en/06/st10/st10547.en06.pdf>

<sup>13</sup> These are international understandings on eight concrete development objectives which must have been achieved by 2015.



The Netherlands participates in the core group engaged in drawing up an action plan with regard to implementation of this Declaration. That plan is intended to lead to implementation of the Declaration's principles in a number of focus countries, and to a UNGA resolution in the autumn of 2008. Closely related to this process are the efforts of the Conflict, Peace and Development Co-operation (CPDC) network of the OECD-DAC during 2007 aimed at drafting a guide on effective implementation of programmes for the prevention and restriction of armed violence and their integration in development programmes. This guide is expected to be presented at year-end 2008. The Netherlands is making an active contribution in this respect as a member of the task group responsible for further elaboration of this CPDC network.

#### **International Arms Trade Treaty**

On 6 December 2006 the United Nations General Assembly (UNGA) passed a resolution initiating a procedure that is intended ultimately to lead to a global arms trade treaty. All the EU member states co-sponsored the resolution (61/89), which was moved by the United Kingdom, Argentina, Australia, Costa Rica, Japan, Finland and Kenya. Altogether 153 nations voted in favour, 24 abstained and only the United States voted against. The resolution envisages a procedure whereby the Secretary-General of the United Nations (SGUN) would request all member states to submit their views on the feasibility, desired content and scope of such a treaty, for the purpose of which in 2008 a group of government experts has meanwhile been appointed to study the feasibility of a treaty in the light of the views presented.

In late April 2007 the Netherlands and all other EU member states notified their views on the global arms trade treaty to the SGUN. Parties consulted on the Netherlands document were the Netherlands Red Cross and civil society in general. The Netherlands also made demarches in some 20 countries, encouraging them to submit their views to the UN. This action formed part of an EU strategy designed to ensure that the SGUN would receive the greatest possible number of favourable views on the arms trade treaty so that the group of government experts could set out with a predominantly favourably coloured report in 2008. Considering the very large number of responses submitted (about 100), it may be stated that the EU strategy was certainly successful.

#### **Transparency in armaments and the UN Register of Conventional Arms**

In 1991 the General Assembly of the United Nations on a Netherlands initiative passed Resolution 46/36 L concerning transparency in armaments. On the basis of that resolution the UN Register of Conventional Arms was established in 1992. The register discloses particulars about the imports and exports of seven categories of conventional heavy weapons, with the objective of thereby increasing trust among nations.

The register provides information on an annual basis on the source country of military goods exports, the transit country if any, and the importing country, together with the size of the goods flows classified in the following categories: I. tanks, II. armoured combat vehicles, III. heavy artillery systems, IV. combat aircraft, V. combat helicopters, VI. warships, and VII. missiles and missile launch systems. Since 2006 there has moreover existed the option to report imports and exports on a voluntary basis SALW. In 2007 almost 40 countries,

including the Netherlands, included this information in their national returns to the Register. It remains an ambition of the Netherlands to add to the Register an eighth category, "Small arms and light weapons".

In addition, there is a separate section for remarks, in which countries can give a more detailed description of the arms and comment on specific transfers. Furthermore, countries are urged to provide information on their own military stocks and on acquisitions resulting from their own manufacturing production.<sup>14</sup>

Since the Register was established, a total of 172 nations have at some time participated in the Register, including all the major arms-manufacturing, arms-importing and arms-exporting countries. The register is currently estimated to encompass over 95% of the wide trade in the above-mentioned seven categories of conventional arms. In recent years there was a gradual increase in the number of participating countries from 99 in 1992 to 126 in 2001. Meanwhile the figure has stabilised at around 115 notifications annually. The ambition remains to achieve universal and consistent participation. The adoption of AVVN/RES/61/77 in December 2006 confirmed that the UN Register of Conventional Arms is intended solely for transactions between UN member states. For China, which for years did not report on account of notifications (by the United States) of supplies to Taiwan, this smoothed the way to resume its participation in the Register. In August 2007 China filed its return on 2006.

No marked development is discernible in the number of countries that additionally provided information on their military stocks and on purchases from their own defence industry. This total remained fairly constant relative to preceding years.

Twice every three years the Netherlands moves the UNGA resolution Transparency in Armaments, which traditionally can count on the support of a large majority of the UN member states. In 2006 158 states voted in favour, including China, Israel, the United States and the Russian Federation. It was the first time the resolution was cosponsored by the latter three. This resolution ensures that once every three years a group of government experts meets in order to evaluate and further develop the Register, and that the results are then implemented. The most recent meeting of this group was in 2006. In 2009 the next experts group meeting on the Register is due to take place. In the intervening period, the Netherlands will continue to focus its effort on universal participation in and effectiveness of the UN Register of Conventional Arms. Partly on a Netherlands initiative the EU places emphasis at all relevant forums on the importance of transparency in armaments and participation in the UN Register of Conventional Arms. For example, the SGUN is notified on an annual basis of the European Union's position regarding transparency in armaments, and the data are also exchanged within the Organisation for Security and Co-operation in Europe (OSCE).

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<sup>14</sup> Information on the UN Register can be found at:  
<http://disarmament.un.org/cab/register.html> 'Register of Conventional Arms'

In order to further promote participation in the Register, the Netherlands together with United Nations Department for Disarmament Affairs (UN-DDA) continues to organise a number of (sub-)regional workshops on transparency in armaments. The organisation of such workshops was one of the recommendations of the group of government experts which met in 2000. Following previous workshops for Southern Africa, West Africa, the Horn of Africa, the ASEAN region and the CARICOM region, and South and South East Asia, in December 2007 a workshop was supported for Latin America and the Caribbean region. This workshop, which took place in Buenos Aires, had a broader objective and also paid attention to other UN initiatives related to transparency in armaments, such as the envisaged international arms trade treaty, transfer controls and brokering. In recent years these activities have proven successful. The workshops generate input for the triennial evaluations of the Register and have led to increased participation in the Register.

#### **UN transparency in legislation**

The Netherlands moved the UNGA resolution “National legislation on transfer of arms, military equipment and dual-use technology” annually since 2002; since 2005 that it has done so every other year. With this resolution, which was adopted in 2007 again without a vote, UN member states are urged to exchange information on their national legislation governing arms exports. In the framework of this resolution an electronic UN database has also been created, where the exchanged law texts and other information are stored and made readily accessible to anybody. Meanwhile this database contains contributions from 31 countries, including the Netherlands.

## **Appendix 1: Tables showing the value of licences for the definitive export of military goods issued in 2007 by category of goods and by country of final destination.**

### **Introduction**

*The total value, rounded-off to two decimal places, of licences issued in 2007* amounted to (€ 873,71 million. That amount is slightly below the trend over recent years, when the total licence value on an annual basis exceeded € 1.1 billion on a number of occasions. Particularly noteworthy is that in 2007 – unlike in preceding years – no very large licences for disposals of surplus Netherlands defence equipment were issued. This means that the major part of the value for 2007 is attributable to export transactions of the industrial sector, outstanding among which in particular are the sale of radar equipment to the Royal Danish Navy (approx. € 165 million) and the delivery via a British shipyard of radar equipment for the Royal Oman Navy (approx. € 101 million). Both countries accordingly rank among the top three destinations for Dutch exports of military goods in 2007. Denmark heads the list with a total licence value of just over € 170 million, followed by the United States with approx. € 1121 million (in particular components for military aircraft and maritime air defence missiles) and Oman as already mentioned. Fourth place on the list goes to “other NATO” accounting for a value of almost € 87 million. This relates to general licences whereby component manufacturers are permitted to supply components direct from stock to military forces of a number of NATO countries, but also to licences for the export of products that following some operation abroad ultimately have the Netherlands as country of final destination. Fifth place on the list is held by Germany with a value of almost € 71 million, attributable mainly to a multitude of minor licences for the supply of components for military vehicles, pantserhouwitsers and air defence missiles.

Exports of military goods accounted for just over 0.25% of total Netherlands goods exports in 2007 (€ 318.1 billion). For an international comparison of this percentage, it is important to take into consideration that in the Netherlands it is not only exports of military goods manufactured by Dutch industry that are subject to mandatory licensing but that the Government itself is also required to apply for licences to export military goods. Only the equipment of Netherlands military units accompanying those units on exercises or international operations abroad is exempted from mandatory export licensing. Unlike in certain other countries, disposals of Dutch defence equipment to third countries are therefore included in the figures

## **Methodology**

The values reported below are based on the value of the licences for definitive export of military goods issued in the period under review. The licence value indicates the maximum export value, although at the time of publication that value need not necessarily correspond with the exports actually realised. Licences for temporary export have been disregarded in the figures, in view of the fact that such licences are subject to mandatory re-import. These cases normally relate to consignments for demonstration or exhibition purposes. On the other hand, licences for trial or sample consignments are included in the figures because no re-import obligation is attached to these exports in view of their nature. Licences for goods returned following repair in the Netherlands are similarly not included in the reported figures. However, in such cases the goods must have formed part of prior deliveries from the Netherlands, the value of which will therefore have been included in a previous report. Inclusion of such "return following repair" licences would clearly lead to duplication of the figures. For the same reason, the value of licences for which the term of validity has been extended does not appear in the figures. Lastly, the same applies to licences that are replaced in connection, for example, with the recipient's change of address. If an extension or replacement licence with a higher value than the original licence is issued, the added value will of course be reported.

For the purpose of classifying the licence value for individual transactions in the table showing the value by category of military goods, it was in many cases necessary to include co-supplied parts and components and installation costs as part of the value of complete systems. The value of licences for the initial delivery of a system is frequently based on the contract value, which often comprises installation and a number of parts and components. The value of licences for the subsequent delivery of components is included in categories A10 or B10.

In conclusion, to compile the table showing the value of licences issued by category of military goods a choice had to be made as to the classification of sub-systems. It was decided to apply a differentiation based on the criterion of the extent to which a subsystem can be regarded as standalone or multifunctional. This has a bearing in particular on the classification of licences for exports of military electronics. If such a product is suitable solely for a maritime application, for example, the associated subsystems and their components are classed in category A10, as components for category A6, "Warships". If such a product is not manifestly connected to one of the first seven sub-categories of main category A, it will be classed in sub-category B4 or in sub-category B10.

## 2007 (first-half)

Table 1: Value of licences issued for the definitive export of military goods in first-half 2007 by category<sup>1</sup>

Main category A, "Arms & Munitions"	2007 (1) value € million
1. Tanks	-
2. Armoured vehicles	3.00
3 Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.10
9. Munitions and explosives	2.21
10. Parts and components for "Arms & Munitions " <sup>2</sup>	284.08
<b>Total Cat. A</b>	<b>289.39</b>

Main category B "Other military goods"	2007 (1) value € million
1. Other military vehicles	4.28
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	29.33
5. ABC substances for military use	-
6. Military exercise equipment	-
7. Armour-plating and protective products	0.04
8. Military auxiliary and production equipment	-
9. Military technology and software	3.09
10. Parts and components for "Other military goods" <sup>3</sup>	130.72
<b>Total Cat. B</b>	<b>167.46</b>
<b>Total Cat. A + B</b>	<b>456.85</b>

## 2007 (first-half)

Table 2: Value of licences issued for the definitive export of military goods in first-half 2007 by country of final destination

2007 (first-half) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Australia	0.34	A9,A10	1.12	B10	1.46
Austria	0.08	A8,A10	-		0.08
Bulgaria	0.05	A10	-	-	0.05
Canada	0.28	A10	0.08	B7,B10	0.36
Chile	0.20	A10	0.50	B1,B10	0.70
Cyprus	0.03	A10	0.06	B10	0.09
Denmark	165.78	A8,A10	4.24	B9,B10	170.02
Egypt	-	-	0.05	B4	0.05
Finland	0.66	A9,A10	-	-	0.66
France	3.16	A9,A10	33.29	B9,B10	36.45
Germany	7.90	A2,A8,A9,A10	30.55	B4,B6,B9,B10	38.45
Greece	0.01	A10	0.08	B9,B10	0.09
Hungary	0.05	A10	-	-	0.05
India	3.21	A10	17.43	B10	20.64
Ireland	-	-	3.77	B1	3.77
Israel	-	-	0.17	B10	0.17
Italy	2.01	A8,A10	21.49	B9,B10	23.50
Japan	-	-	0.15	B4	0.15

Jordan	-	-	0.67	B4	0.67
Lithuania	0.02	A8,A10	-	-	0.02
New Zealand	0.03	A10	-	-	0.03
Norway	1.81	A8,A9,A10	0.31	B4,B10	2.12
Oman	13.50	A10	-	-	13.50
Pakistan	0.06	A10	0.11	B7,B10	0.17
Poland	0.05	A8,A10	0.21	B4, B10	0.26
Romania	0.11	A8,A9, A10	-	-	0.11
Singapore	-	-	0.06	B10	0.06
South Africa	-	-	3.15	B4	3.15
South Korea	-	-	0.09	B10	0.09
Slovakia	0.05	A10	-	-	0.05
Spain	1.36	A8,A9,A10	0.28	B9,B10	1.64
Sweden	10.90	A9,A10	1.26	B4,B9,B10	12.16
Switzerland	0.22	A8,A10	0.03	B10	0.25
Taiwan	0.53	A9,A10	0.03	B10	0.56
Thailand	0.33	A10	4.77	B4,B10	5.10
Tunesia	0.02	A10	-	-	0.02
Turkey	0.93	A8,A10	0.34	B10	1.27
United Arab Emirates	-	-	1.20	B4	1.20
Uruguay	-	-	0.35	B1	0.35
United Kingdom	1.04	A8,A10	21.05	B4,B7,B9, B10	22.09
United States	51.08	A8,A9,A10	11.21	B4	62.29



Other NATO <sup>4</sup>	23.58	A10	9.36	B4,B10	32.94
<b>Countries accounting for export values below €10,000: <sup>5</sup></b>					
Iceland, Iraq, Malta, Netherlands Antilles, Czech Republic	0.01	A8, A10	-	-	0.01
<b>Total</b>	<b>289.39</b>		<b>167.46</b>		<b>456.85</b>

#### Footnotes to Tables 1 and 2, first-half 2007

<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

<sup>2</sup> The sub-category A10 (Parts and components for “Arms & Munitions”) relates as usual largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems, but in this period it also includes a number of radar systems for the Royal Danish Navy with a combined export value of just over € 165 million. These systems were classified as components for warships.

<sup>3</sup> The sub-category B10, Parts and components for “Other military goods”, in this period again consists of a multitude of small-scale deliveries of parts for military electronic systems and parts for military aircraft and vehicles.

<sup>4</sup> The item “other NATO” generally relates to export licences for components in sub-category A10, for the purpose of which a number of NATO (currently excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

<sup>5</sup> In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

## 2007 (second-half)

Table 2: Value of licences issued for the definitive export of military goods in second-half 2007 by category <sup>1</sup>

Main category A "Arms & Munitions"	2007 (2) €million
1. Tanks	-
2. Armoured vehicles	1,09
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0,18
9. Munitions and explosives	4,26
10. Parts and components for "Arms & Munitions" <sup>2</sup>	176,54
<b>Total Cat. A</b>	<b>182,07</b>

Main category B "Other military goods"	2007 (2) €million
1. Other military vehicles	2,03
2. Other military aircraft and helicopters	-
3. Other military vessels	0,06
4. Military electronics	176,63
5. ABC substances for military use	-
6. Military exercise equipment	-
7. Armour-plating and protective produces	0,02
8. Military auxiliary and production equipment	0,12
9. Military technology and software	8,08
10. Parts and components for "Other military goods" <sup>3</sup>	47,85
<b>Total Cat. B</b>	<b>234,79</b>
<b>Total Cat. A + B</b>	<b>416,86</b>

**Table 2: Value of licences issued for the definitive export of military goods in second-half 2007**

*by country of final destination*

2007 (second-half) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Argentina	0.04	A10	-	-	0.04
Australia	2.30	A10	0.04	B9	2.34
Austria	0.95	A8,A10	-	-	0.95
Bahrein	-	-	1.90	B10	1.90
Canada	2.36	A8, A10	0.75	B10	3.11
Chile	11.24	A2, A10	0.28	B1,B10	11.52
Czech Republic	0.03	A9,A10	0.34	B4	0.37
Denmark	0.38	A10	0.16	B4	0.54
Egypt	-	-	14.64	B10	14.64
Estonia	0.03	A10	1.74	B1	1.77
Finland	1.28	A9,A10	0.03	B10	1.31
France	0.50	A8, A9,A10	10.18	B4, B9,B10	10.68
Germany	26.00	A8,A9,A10	6.43	B3,B4,B8,B9,B10	32.43
Greece	0.18	A10	0.10	B9,B10	0.28
Iceland	2.04	A10	-	-	2.04
Ireland	0.92	A10	0.02	B8	0.94
India	0.92	A10	0.33	B10	1.25
Indonesia	0.07	A10	-	-	0.07

Italy	0.25	A8,A9,A10	-	-	0.25
Japan	7.63	A10	-	-	7.63
Latvia	0.08	A10	-	-	0.08
Macedonia	-	-	0.52	B4	0.52
Malaysia	-	-	1.47	B4	1.47
New Zealand	0.19	A10	-	-	0.19
Norway	2.65	A8,A9,A10	0.12	B7,B10	2.77
Oman	0.80	A10	86.93	B4, B10	87.73
Poland	0.23	A10	-	-	0.23
Portugal	0.61	A8,A10	-	-	0.61
Qatar	0.15	A10	-	-	0.15
Romania	0.01	A10	-	-	0.01
Saudi Arabia	-	-	7.74	B10	7.74
Singapore	0.55	A10	-	-	0.55
Slovenia	0.08	A8,A10	-	-	0.08
South Africa	-	-	1.00	B7,B9	1.00
South Korea	2.29	A10	0.40	B10	2.69
Spain	0.88	A8,A10	64.95	B4	65.83
Sri Lanka	-	-	0.09	B8	0.09
Sweden	7.97	A8,A9,A10	2.92	B4,B10	10.89
Switzerland	1.76	A8,A10	2.19	B10	3.95
Taiwan	1.61	A10	0.06	B10	1.67
Thailand	0.59	A10	0.05	B10	0.64

Turkey	0.25	A8,A10	1.11	B9,B10	1.36
United Arab Emirates	-	-	0.07	B10	0.07
United Kingdom	0.53	A8,A9, A10	19.02	B4,B7,B8, B10	19.55
United States	50.33	A8,A10	8.90	B4, B9,B10	59.23
Other NATO <sup>4</sup>	53.38	A10	0.30	B10	53.68
<b>Countries accounting for export values below €10,000: <sup>5</sup></b>					
Brazil, Croatia, Malta, Namibia, Tanzania.	0.01	A8, A9	0.01	B4, B10	0.02
<b>Total</b>	<b>182.07</b>		<b>234.79</b>		<b>416.86</b>

#### Footnotes to Tables 1 and 2, second-half 2007

<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

<sup>2</sup> The sub-category A10 (Parts and components for “Arms & Munitions”) relates as usual largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems.

<sup>3</sup> The sub-category B10, Parts and components for “Other military goods”, in this period again consists of a multitude of small-scale deliveries of parts for military electronic systems and parts for military aircraft and vehicles.

<sup>4</sup> The item “other NATO” generally relates to export licences for components in sub-category A10, for the purpose of which a number of NATO (currently excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

<sup>5</sup> In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

## 2007 (total)

Table 1: Value of licences issued for the definitive export of military goods in second-half 2007 by category <sup>1</sup>

Main category A "Arms & Munitions"	2007 €million
1. Tanks	-
2. Armoured	4.09
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.28
9. Munitions and explosives	6.47
10. Parts and components for "arms and munitions" <sup>2</sup>	460.62
<b>Total Cat. A</b>	<b>471.46</b>

Main category B "Other military goods"	2007 €million
1. Other military vehicles	6.31
2. Other military aircraft and helicopters	-
3. Other military vessels	0.06
4. Military electronics	205.96
5. ABC substances for military use	-
6. Military exercise equipment	-
7. Armour-plating and protective equipment	0.06
8. Military auxiliary and production equipment	0.12
9. Military technology and software	11.17
10. Parts and components for "other military goods" <sup>3</sup>	178.57
<b>Total Cat. B</b>	<b>402.25</b>
<b>Total Cat. A + B</b>	<b>873.71</b>

**Table 2: Value of licences issued for the definitive export of military goods in 2007**

*by country of final destination*

2007 (total) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specificatio	TOTAL
Argentina	0.04	A10	-	-	0.04
Australia	2.64	A9, A10	1.16	B9, B10	3.80
Austria	1.03	A8, A10	-	-	1.03
Bahrein	-	-	1.90	B10	1.90
Bulgaria	0.05	A10	-	-	0.05
Canada	2.64	A8, A10	0.83	B7, B10	3.47
Chile	11.44	A2, A10	0.78	B1, B10	12.22
Cyprus	0.03	A10	0.06	B10	0.09
Czech Republic	0.03	A9, A10	0.34	B4	0.37
Denmark	166.16	A8, A10	4.40	B4, B9, B10	170.56
Egypt	-	-	14.69	B4, B10	14.69
Estonia	0.03	A10	1.74	B1	1.77
Finland	1.94	A9, A10	0.03	B10	1.97
France	3.66	A8, A9, A10	43.47	B4, B9, B10	47.13
Germany	33.90	A2,A8,A9,A10	36.98	B3,B4,B6,B8,B9, B10	70.88
Greece	0.19	A10	0.18	B9, B10	0.37
Hungary	0.05	A10	-	-	0.05
Iceland	2.04	A10	-	-	2.04

India	4.13	A10	17.76	B10	21.89
Indonesia	0.07	A10	-	-	0.07
Ireland	0.92	A10	3.79	B1, B8	4.71
Israel	-	-	0.17	B10	0.17
Italy	2.26	A8, A9, A10	21.49	B9, B10	23.75
Japan	7.63	A10	0.15	B4	7.78
Jordan	-	-	0.67	B4	0.67
Latvia	0.08	A10	-	-	0.08
Lithuania	0.02	A8, A10	-	-	0.02
Macedonia	-	-	0.52	B4	0.52
Malaysia	-	-	1.47	B4	1.47
New Zealand	0.22	A10	-	-	0.22
Norway	4.46	A8, A9, A10	0.43	B4, B7, B10	4.89
Oman	14.30	A10	86.93	B4, B10	101.23
Pakistan	0.06	A10	0.11	B7, B10	0.17
Poland	0.28	A8, A10	0.21	B4, B10	0.49
Portugal	0.61	A8, A10	-	-	0.61
Qatar	0.15	A10	-	-	0.15
Romania	0.12	A8, A9, A10	-	-	0.12
Saudi Arabia	-	-	7.74	B10	7.74
Singapore	0.55	A10	0.06	B10	0.61
Slovakia	-	-	0.06	B10	0.06



Slovenia	0.08	A8, A10	-	-	0.08
South Africa	-	-	4.15	B4, B7, B9	4.15
South Korea	2.29	A10	0.49	B4, B10	2.78
Spain	2.24	A8, A9, A10	65.23	B4, B9, B10	67.47
Sri Lanka	-	-	0.09	B8	0.09
Sweden	18.87	A8, A9, A10	4.18	B4, B9, B10	23.05
Switzerland	1.98	A8, A9, A10	2.22	B10	4.20
Taiwan	2.14	A9, A10	0.09	B10	2.23
Thailand	0.92	A10	4.82	B4, B10	5.74
Tunesia	0.02	A10	-	-	0.02
Turkey	1.18	A8, A10	1.45	B9, B10	2.63
Uruguay	-	-	0.35	B1	0.35
United Arab Emirates	-	-	1.27	B4, B10	1.27
United Kingdom	1.57	A8, A9, A10	40.07	B4,,B7, B9, B10	41.64
United States	101.41	A8, A9, A10	20.11	B4, B9, B10	121.52
Other NATO <sup>3</sup>	76.96	A10	9.66	B4, B10	86.62
<b>Countries accounting for export values below €10,000: <sup>4</sup></b>					
Brazil, Croatia, Iraq, Malta, Namibia, Neth. Antilles, Tanzania.	0.02	A8, A10	-	-	0.02
<b>Total</b>	<b>471.46</b>		<b>402.25</b>		<b>873.71</b>

#### Footnotes to Tables 1 and 2, 2007 (total)

<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

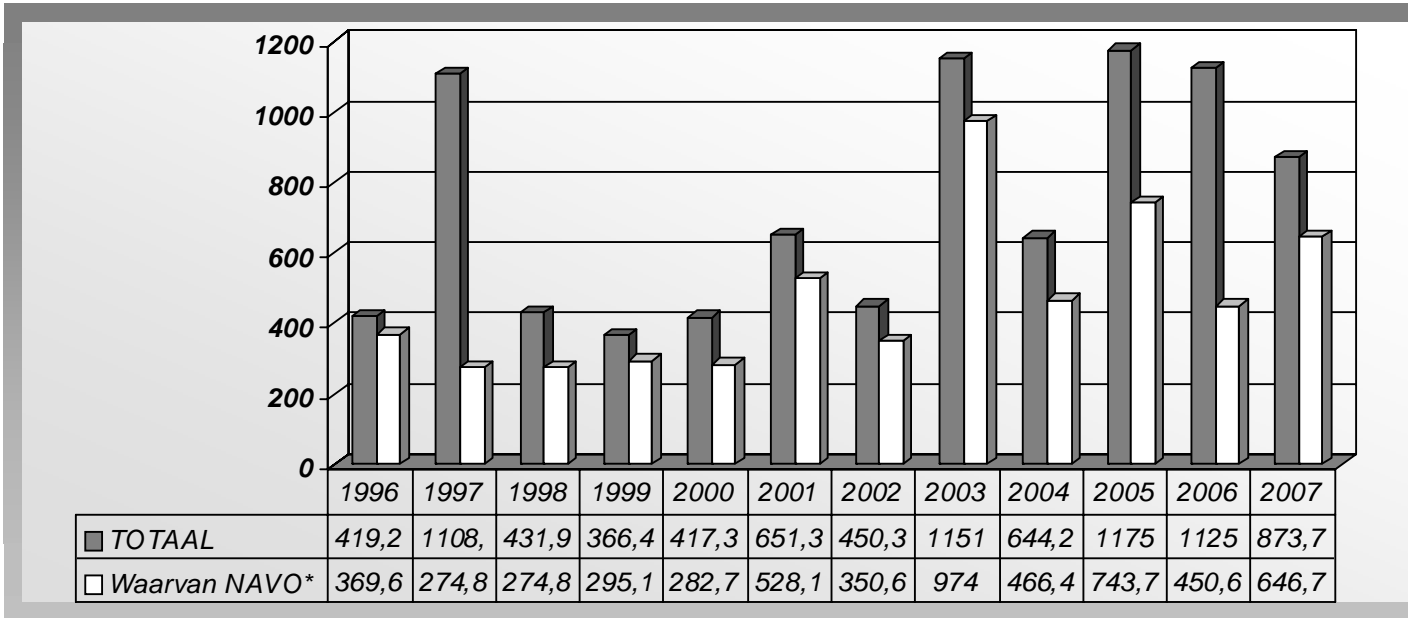
<sup>2</sup> For explanatory notes on the main deliveries which came into categories A10 and B10 in the year under

review, reference is made to the footnotes to the tables for first-half 2007 and second-half 2007 respectively.

<sup>3</sup> The item “other NATO” generally relates to export licences for components in sub-category A10, for the purpose of which a number of NATO (currently excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

<sup>4</sup> In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

**Appendix 2: Trend in Netherlands arms export 1996 – 2007**  
 (value of licences issued, in € million)



\* in 2007 the following 26 countries were members of NATO:

Belgium, Bulgaria, Canada, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Turkey, United Kingdom and United States.

**Appendix 3: Value of licences issued for the transit  
of military goods  
in 2007<sup>1</sup>  
by country of final destination**

<b>2007</b> € million					
Country of final destination	Cat. A	Specification	Cat.B	Specification	Total
Croatia	0.10	A10			0.10
Russia	1.50	A10			1.50
United Arab Emirates	0.20	A10			0.20
Ukraine	0.20	A10			0.20
<b>TOTAL</b>	<b>2.00</b>		-		<b>2.00</b>

<sup>1</sup> As usual in many cases where issued transit licences are concerned, these relate to the distribution via the Netherlands of a United States brand of telescopic sights from production locations in various countries. For distribution to countries of final destination outside the EU, such sights remain stored in the Netherlands for an extended period but in technical customs terms no import takes place. The telescopic sights destined for other EU member states are effectively imported on entry into the Netherlands. This means that, for purposes of the arms export policy, their transfer to other member states no longer represents transit but export. The value of the export licences issued for that purpose is therefore included in the tables relating to the export of military goods and not in this table of transit licences.

**Appendix 4: Licence application and sondage denials in 2007,  
notified in conformity with the EU Code of Conduct**

Date	Number	Country of final destination	Brief description	Recipient	End-user	Reason for denial
25-07-2007	NL 01/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 02/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 03/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 04/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 05/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 06/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 07/2007	Iran	F-4 fighter parts	Iran Aircraft Industries	Air Force	Criteria 1, 4 and 5
25-07-2007	NL 08/2007	Israel	Thermal camera parts	Electro-Optics Industries Ltd	Unknown	Criteria 2, 3, and 4
25-07-2007	NL 09/2007	Israel	Satellite communication system parts		Marine and Air Force	Criteria 2, 3, and 4
25-07-2007	NL 10/2007	Georgia	Radar fire-control systems		Coastguard	Criteria 3 and 8
18-09-2007	NL11/2007	Iran	Sights	Did Afarin Aria Co.	Unknown customers	Criterion 1
05-02-2008	NL 12/2007	Suriname	Pistols	Private person		Criterion 7
05-02-2008	NL 13/2007	Suriname	Pistol parts	Private person		Criterion 7
01-02-2008	NL 14/2007	Suriname	Pistols	Private person		Criterion 7
01-02-2008	NL 15/2007	Israel	Helicopter parts		Air Force	Criteria 2, 3, and 4
01-02-2008	NL 16/2007	Israel	Infrared cameras		Defence	Criteria 2, 3, and 4
01-02-2008	NL 17/2007	Philippines	Thermal camera		Defence	Criterion 2
01-02-2008	NL 18/2007	China	Ground radar		Defence	Criterion 2
01-02-2008	NL 19/2007	Georgia	Pistols	Private person		Criterion 7
01-02-2008	NL 20/2007	Vietnam	Thermal camera		Deffence	Criteria 3 and 4

**Footnote to Appendix 4:**

<sup>1</sup> Where dual-use goods are intended for army, police or security services of the envisaged country of final destination, licence application and sondage denials are also notified by the Netherlands within the EU as well.

## Appendix 5: Table showing Government disposals of surplus defence equipment in 2007 <sup>1</sup>

Type of equipment	To/via <sup>2</sup>	Country of final destination	End user
Goalkeeper parts	Thales NL	South Korea	Ministry of Defence
Standard missile Test set	n.a.	Australia	Ministry of defence
Vehicles and other products	n.a.	Uruguay	Ministry of Defence
48 Traversing Units TOW	n.a.	VS via Luxembourg	US Army via NATO Maintenance and Supply Agency (NAMSA)
Leopard 2A4 parts	n.a.	Spain	Ministry of Defence
Equipment packs	African Parks Foundation	Netherlands	Game parks in various African countries
F-16 aircraft	n.a.	Jordan	Ministry of Defence
Leopard 2A4 en 2A6 tanks	n.a.	Canada	Ministry of Defence
YPR, M-109 and various trucks	n.a.	Chile	Ministry of Defence
.50 calibre ammunition	n.a.	Belgium	Ministry of Defence
Diverse vehicles	n.a.	Estonia	Ministry of Defence
TOW2 Ground Systems	n.a.	US via Luxembourg	US Army via NATO Maintenance and Supply Agency (NAMSA)
Incomplete Leopard .50 calibre machine gun frames/mounts	Rheinmetall, Germany	Singapore	Ministry of Defence
WM 25 spare parts	n.a.	Germany	Ministry of Defence
<b>Total value of the contracts</b>			<b>Approx. €93 million</b>

### Footnotes to Appendix 5:

<sup>1</sup> The amount reported is based on the contracts as signed in 2007. Not all deliveries of the goods actually took place in 2007.

<sup>2</sup> Sale of surplus defence equipment occasionally takes place via a private firm on behalf of an end user already known and agreed at the time of sale, or to a private firm for own use.