

Report No. 36 to the Storting (2004-2005)

Export of defence materiel from Norway in 2004, export control and international non- proliferation co-operation



| | |
|--|----|
| Abbreviations..... | 3 |
| 1 Introduction and summary | 4 |
| 2 Efforts by the Ministry of Foreign Affairs to ensure greater transparency..... | 8 |
| 3 The export control legislation | 10 |
| 3.1 The Act relating to control of the export of strategic goods, services and technology | 10 |
| 3.2 Regulations on the implementation of export control..... | 12 |
| 3.3 Guidelines for the Ministry of Foreign Affairs..... | 14 |
| 3.4 The EU code of conduct | 16 |
| 4 Multilateral export control co-operation and measures to combat international terrorism..... | 18 |
| 5 Administrative procedures in the Ministry of Foreign Affairs and co-operation with other authorities | 24 |
| 5.1 The Norwegian export control system..... | 24 |
| 6 The Norwegian Defence Industry and International Co-operation..... | 30 |
| 7 Exports of Defence Materiel in 2004 | 31 |
| 7.1 Exports of Category A materiel by country groups..... | 33 |
| 7.2 Exports of Category B materiel by country groups | 34 |
| 7.3 Exports of defence materiel by recipient country | 35 |
| 7.4 Exports by item in List I | 38 |
| 7.5 Export by country and item in List I..... | 39 |
| 7.6 Services to clients in other countries | 50 |
| 7.7 Repairs carried out in Norway for foreign clients | 51 |
| 7.8 Overview of exports in the period 1999-2004. | 52 |
| 7.9 Applications for exports of defence materiel refused in 2004..... | 53 |
| 7.10 Negotiating sales and transferring production rights | 53 |
| 7.11 Overview of companies that reported exports in 2004 | 53 |

Abbreviations

| | |
|--------|--|
| AG | Australia Group |
| BWC | Biological Weapons Convention |
| CWC | Chemical Weapons Convention |
| ECOWAS | Economic Community of West African States |
| IAEA | International Atomic Energy Agency |
| MTCR | Missile Technology Control Regime |
| NSG | Nuclear Suppliers Group |
| NPT | Treaty on the Non-Proliferation of Nuclear Weapons |
| OSCE | Organization for Security and Co-operation in Europe |
| PSI | Proliferation Security Initiative |
| WA | The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies |

1 Introduction and summary

In 2004 there was a general decline in the export of Norwegian defence materiel to several of the traditional importing countries. The total value of the export of weapons and military materiel¹ amounted to just over NOK 2 billion. In comparison, the total value of the exports of these goods amounted to around NOK 3 billion in 2003.

This report deals with the control of the export of defence materiel on the Ministry of Foreign Affairs List I and with appurtenant services and technology. The goods in List I include both Category A materiel, which is weapons systems and ammunition, and Category B materiel, which is other equipment developed or modified for military use.

The main importers of defence materiel from Norway are Sweden, Finland and member countries of NATO. In 2004, 88 per cent of the exports of Category A materiel and 72 per cent of the exports of Category B materiel was to these countries.

The Ministry of Foreign Affairs' control of the export of arms and military equipment is based on legislation and guidelines that stipulate how the Ministry is to process applications for licences to export defence materiel. The current legislation and practice are based on a government statement and a decision by the Storting of 11 March 1959. The statement establishes that "the primary consideration should be that Norway will not permit the sale of arms or munitions to areas where there is a war or the threat of war, or to countries where there is a civil war." The Storting took note of the statement, which was presented by the Prime Minister on behalf of the Government, and emphatically declared that "arms and munitions may be exported from Norway only after a careful assessment of the foreign and domestic policy situation in the area in question...this assessment must be conclusive of the question whether such goods are to be exported."

In 1997, a unanimous Storting supported a statement from the Bondevik I Government clarifying that "the Ministry of Foreign Affairs' assessment should include consideration of a number of political issues, including issues relating to democratic rights and respect for fundamental human rights."

The purpose of the export control system is also to prevent goods and technology for the production of weapons of mass destruction being exported in contravention of Norwegian legislation, international agreements or international co-operation that Norway is involved in.

The Government considers that the need for access to information on the export of defence materiel is fulfilled by the annual report to the Storting on the export of defence materiel with the amendments that have now been made to ensure greater access to information. This work is described in more detail in Chapter 2.

¹ The Ministry of Foreign Affairs has drawn up a list of materiel and appurtenant technology (Annex 1). The overviews in Chapter 7 refer solely to the value of the exported goods and appurtenant technologies in List I and to services connected to these goods.

The Ministry of Foreign Affairs announced in the reports on the export of defence materiel in 2001, 2002 and 2003² that the export control legislation would be reviewed with a view to improving it in connection with the fight against international terrorism. The review was carried out in 2004, and resulted in a number of amendments to the export control regulations.

The purpose of the amendments was to simplify the regulations and make them better adapted to today's challenges. The amendments have also made the regulations more stringent. They have been updated to authorise control of the export of all goods, including goods that are not on the control lists, to countries that are subject to an arms embargo imposed by the UN Security Council. Chapter 3 gives a more detailed account of the export control regulations and the amendments that were made in November 2004.

The proposed amendments to the Act relating to control of the export of strategic goods, services and technology (cf. Proposition No. 47 (2004-2005) to the Odelsting) were presented in the Council of State on 18 February 2005, and were debated by the Odelsting on 25 April 2005 (cf. Proposition No. 74 (2004-2005) to the Odelsting). The proposal is now at the final reading in the Storting. The proposed amendments relate to such areas as making the legislation more stringent in connection with the fight against international terrorism and intensifying the control of trade in sensitive goods, technology and services that can be used for terrorist purposes.

The Ministry of Foreign Affairs is continually striving to ensure that the legislation is up-to-date and effective, and attaches importance to close co-operation with the individual exporter in each case. The situation of Norwegian suppliers and their credibility as trading partners is also an issue that is taken into consideration in the awarding of licences for follow-up deliveries.

Norway takes part in the extensive international co-operation that has been established in the area of export control and non-proliferation. The control of dual-use goods (List II) is fully based on the international export control regime. Trade in conventional weapons and military materiel (List I) is in principle a national responsibility, but here too, the recent trend has been towards increased international dialogue and co-ordination. Moreover, efforts in recent years have been driven by the requirement for greater transparency with respect to trade in defence materiel.

Since the September 11 terrorist attacks in the US, the international community has adopted more stringent guidelines and implemented new measures to prevent weapons, military materiel and sensitive dual-use goods from falling into the hands of terrorists. Security Council resolutions 1373 (2001) and 1540 (2004) are important milestones with regard to the implementation of effective export control of goods and technology that can be used to develop weapons of mass destruction. These resolutions oblige member states to establish national measures to prevent terrorists and countries gaining access to sensitive goods and technology related to weapons of mass destruction.

² Report No. 29 (2001-2002) to the Storting, Report No. 35 (2002-2003) to the Storting and Report No. 41 (2003-2004) to the Storting, respectively.

The activities of the multilateral export control and non-proliferation regimes have increased considerably in recent years. There has been general agreement since 2001 on strengthening and further developing co-operation in several areas.

Norway adopted the EU Code of Conduct on Arms Exports in 1998. The Code of Conduct is increasingly being used as an international framework providing the principles for supplying arms and military equipment. In 2004, Norway entered into a closer collaboration with the EU within the framework of the Code of Conduct. Norwegian data on the export of defence materiel will be included in the EU code annual report for 2005.

Norway is the chair of the Nuclear Suppliers Group (NSG) from June 2005 to June 2006. The chairmanship is a recognition of Norway's non-proliferation efforts, and will give us a good opportunity to contribute further to preventing proliferation of nuclear weapons.

In 2003, the participating states in the Wassenaar Arrangement³ considerably strengthened and further developed the co-operation on the control of conventional weapons and sensitive high technology. Among other things, they agreed on common criteria for export controls on man-portable air defence systems (MANPADS) and best practice guidelines for small arms and light weapons.

The standards for the export of defence materiel that have been developed within the Wassenaar Arrangement (WA), together with the EU Code of Conduct, form the guidelines for Norwegian practice in export control of defence materiel.

Norway implements resolutions on arms embargoes adopted by the UN Security Council and the OSCE. Norway also aligns itself and complies with EU decisions on arms embargoes. The Norwegian Government intends to continue this policy.

Norway co-operates closely on export control with the other Nordic countries and other like-minded countries. Nordic-Baltic consultations on non-proliferation are held every six months. A special initiative has been taken with a view to strengthening export control in the Baltic countries. Norway attaches considerable importance to contributing to the international non-proliferation and export control efforts through dialogue and transfer of expertise.

Chapter 4 gives an account of the international co-operation on export control and non-proliferation, including measures to combat international terrorism.

Chapter 5 describes the export control procedures in the Ministry of Foreign Affairs and the processing of applications for export licences for both defence materiel (List I) and dual-use goods⁴ (List II).

In recent years, the defence industry has made considerable adaptations to changes in the international market. In response to restructuring and internationalisation,

³ Multilateral export control regime for conventional weapons and sensitive dual-use goods.

⁴ Dual-use goods are primarily intended for civilian use, but can also have important military areas of application.

Norwegian defence materiel companies have focused on developing niche expertise within the framework of multinational co-operation. This is described in more detail in Chapter 6.

The figures that form the basis for the overviews of defence materiel exports, services and repair work carried out for contracting authorities in other countries are given in Chapter 7. The export value reflects real sales, and is based on reports from the exporters themselves. The Ministry checks the reports against the licences awarded.

2 Efforts by the Ministry of Foreign Affairs to ensure greater transparency

In Report No. 41 (2003-2004) to the Storting on the export of defence materiel from Norway in 2003, importance was attached to ensuring greater transparency. For example, more detailed information was provided on the goods and technologies exported.

This report has therefore been drawn up in the same format as the 2003 report as regards the degree of transparency. The exported goods and technologies have been described in the greatest possible detail, and information is given on which countries have received which goods. Diagrams and charts have been provided to give the best possible overview. Information is also provided on the brokering of defence materiel between third countries and on the transfer of production rights for defence materiel to other countries.

The information is presented as follows:

- exported goods, including the distribution of Category A materiel and Category B materiel
- importing countries

In addition, information is given on:

- licence applications that have been refused
- licences for negotiating sales of defence materiel from one third country to another
- licences to transfer production rights.

The following have been included to make the report clearer:

- diagrams showing the distribution of exports by region
- a graph showing the development changes in of exports from year to year
- more explanations, for example in the form of footnotes

The Ministry of Foreign Affairs may require exporters to present all information deemed to be necessary in connection with the processing of applications for export licences. The general right to obtain commercially sensitive information must be weighed up against the statutory obligation of confidentiality.

These rules are intended to take into consideration the fact that there are relatively few Norwegian companies that export defence materiel, which means that Norwegian exporters are particularly vulnerable as regards commercially sensitive information. While the Ministry is striving to provide greater transparency in export control matters, this must be practised within the limits determined by the statutory obligation of confidentiality.

The Government considers that the Storting's right to access to information on the export of defence materiel is met by the annual Report to the Storting. The Government will also continue its practice of consulting with and informing the

Starting of particularly comprehensive and important matters in this field.

3 The export control legislation

The Ministry of Foreign Affairs is responsible for the control of the Norwegian export of weapons, ammunition and other military materiel⁵, dual-use goods⁶, technology and services. The export control is carried out on the basis of the current legislation, guidelines and control lists.

The Ministry of Foreign Affairs made a number of amendments to the regulations in 2004, and the Act relating to control of the export of strategic goods, services and technology will also be amended in 2005.

The export of weapons and military materiel is essentially a national responsibility. However, the control of such exports is being co-ordinated increasingly closely in international forums. In 1998, Norway aligned itself with the EU Code of Conduct on Arms Exports, and in 2004 signed an agreement with the EU on closer co-operation within the framework of the eight criteria laid down in the code of conduct.

3.1 The Act relating to control of the export of strategic goods, services and technology

Export control is governed by the Act of 18 December 1987 No. 93 relating to control of the export of strategic goods, services and technology (Export Control Act). Goods, services and technology that may be of significance for another country's development, production or use of products for military purposes, or that may directly serve to develop a country's military capability, may not be exported without the permission of the Ministry of Foreign Affairs. List I (weapons and military materiel) and List II (dual-use goods) contain the products and technology for which such permission is required. Control of technology also includes control of intangible transfers of technology.

The Act prohibits persons who are resident or staying in Norway, Norwegian companies, foundations and associations from trading in, negotiating or by other means assisting in the sale of arms or military equipment from one foreign country to another without special licence.

Everyone is obliged to provide the Ministry with the assistance it needs to verify compliance with the provisions of the Act and any appurtenant regulations. This applies to all information considered necessary for processing applications for export licences. The right to obtain commercially sensitive information must be weighed up against the statutory obligation of confidentiality.

Any intentional contravention of the legislation is punishable by fines or imprisonment of up to five years or both, unless the matter is subject to a more severe

⁵ Defence materiel listed in the Ministry of Foreign Affairs' List I.

⁶ Civilian products that have significant military areas of application. Listed in the Ministry of Foreign Affairs' List II.

penalty. Negligent contravention of the legislation is punishable by fines or imprisonment of up to two years. If the contravention has been carried out by a person acting on behalf of a limited liability company, a limited liability partnership or other form of partnership or a foundation, the enterprise as such may be fined.

Amendments to the Act

The Act of 18 December 1987 No. 93 relating to control of the export of strategic goods, services and technology had to be amended because it only governed exports that may “serve to develop the military capability of a country”. In response to the September 11 terrorist attacks in the US, the Ministry of Foreign Affairs started work on drawing up statutory requirements for the control of exports of other goods, technology and services that can be used for terrorist purposes.

The amendments also introduce the legal authority to control the negotiation of sales of particularly sensitive goods⁷ between two third countries. Persons who are permanently resident in Norway and Norwegian companies and institutions must, therefore, have a licence from the Ministry of Foreign Affairs in order to negotiate sales of such goods between two third countries. This will make it possible to intensify control of the international trade in certain types of particularly sensitive goods and technology.

The Ministry of Foreign Affairs submitted a recommendation in line with the amendments outlined above on 18 February 2005, cf. Proposition No. 47 (2004-2005) to the Odelsting. The bill was debated in the Odelsting on 25 April 2005, cf. Recommendation No. 74 (2004-2005) to the Odelsting. The bill has been sent to the Lagting for final debate.

Both amendments are to section 1 of the Act (the amendments are in italics), which reads as follows:

The King may decide that goods and technology that may be of significance for other countries’ development, production or utilisation of products for military use or that may directly serve to develop the military capability of a country, *including goods and technology that can be used to carry out terrorist acts, cf. the Penal Code, section 147a, first paragraph*, shall not be exported from the Norwegian customs area without special permission. A prohibition may also be laid down against rendering services such as are mentioned in the first sentence without special permission. Conditions may be laid down for such permission.”

The King may also prohibit persons who are resident or staying in Norway and Norwegian companies, foundations and associations from trading in, negotiating or otherwise assisting in the sale of weapons or military materiel from one foreign country to another without a special licence. *The same applies to strategic goods and technology as specified in regulations.*

The King will issue further regulations to supplement and implement this Act.

⁷ Sensitive goods will be defined in the regulations as including nuclear goods, cf. List II, Category 0.

In order to ensure that the amendments to the Act are implemented, the export control regulations must be updated accordingly. The Ministry of Foreign Affairs intends to submit a proposal for the amendments to the regulations in 2005.

3.2 Regulations on the implementation of export control

Regulations have been drawn up pursuant to the Export Control Act. The regulations of 10 January 1989 lay down further rules on implementation of export control. These regulations include the requirement for a licence for the export of goods and appurtenant technology on List I (weapons and military materiel) and List II (dual-use goods). A licence is also required for exporting certain technology, including intangible transfers of technology, technical data, production rights for goods, and certain services. Furthermore, the regulations include provisions concerning exemptions from the licensing requirement and administrative provisions concerning the retention of licences and the authority of the Ministry to set conditions for granted licences. In 2000, a new section was added (section 13), which authorises the Ministry to revoke a licence if the basis on which it was granted has significantly changed.

The regulations of 10 March 1989, which set out further rules on the export of heavy water, were repealed on 18 April 2002. This was because an extensive international regime has recently been developed to control supplies of certain sensitive nuclear goods, including heavy water. In order to ensure compliance with these requirements, the regulations have been replaced by internal guidelines for the Ministry of Foreign Affairs' consideration of applications for licences to export nuclear goods. The guidelines set out the political principles and procedures on which this consideration is to be based.

In order to implement mandatory decisions of the UN Security Council concerning complete or partial trade embargoes on certain countries, regulations are laid down pursuant to the Act of 7 June 1968 No. 4. These Security Council decisions are thus implemented in Norwegian law.

Amendments to the regulations

The regulations of 10 January 1989 relating to the implementation of export control, issued by the Ministry of Foreign Affairs, were amended on 24 November 2004. The purpose of this was to provide an updated legal basis for the control procedures for which the Ministry of Foreign Affairs is responsible. The amendments to the regulations:

- ensure that Norwegian legislation is in accordance with Council Regulation (EC) 1334/2000 of 22 June 2000 setting up a Community regime for the control of exports of dual-use items and technology. Norway has also undertaken to follow a similar regime through consensus decisions in the Wassenaar Arrangement. One amendment lays down that an export licence is required for the export of all types of goods, technology and services for military purposes to areas subject to an arms embargo imposed by the UN Security Council pursuant to Chapter VII of the UN Charter.
- lay down in statutory form exemptions from the licensing requirement for exports from the Norwegian defence authorities on condition that the right of ownership to the goods is not transferred, and that the goods are to be used by Norwegian forces

abroad or the recipient is a NATO or EU country. Such exemptions were previously made in the form of letters to the Ministry of Defence. The defence authorities shall submit annual reports on such exports to the Ministry of Foreign Affairs.

- make a clearer distinction between these provisions and those of part six of the Regulations of 25 January 1963 No. 9722 on firearms, weapons parts and ammunition, laid down by the Ministry of Justice, for exports that are not for occupational use.
- clarify the rules for the transit of military goods and technology through the Norwegian customs area
- clarify the exemptions from the licensing requirement for exports to the European Space Agency (ESA), cf. the ESA Convention
- establish a duty for exporters to keep accounts of previous exports in accordance with the licences granted, and extend the required retention period for licences and other relevant documentation to 10 years, in accordance with section 2-7 of the Accounting Act
- specify the right of the customs and excise authorities and the Ministry of Foreign Affairs to control exporters' accounts and export documents
- authorise the electronic transmission of applications and licences, cf. the measures taken under the Ministry of Trade and Industry's eRule project to abolish rules that prevent electronic communication

Taken together, the amendments enhance the Ministry of Foreign Affairs' ability to carry out its export control functions.

The control lists

The defence products that are dealt with in this white paper are specified in List I. Dual-use goods are listed in List II. Legally, the lists are part of the regulations. An export licence issued by the Ministry of Foreign Affairs is required for the export of goods included in the lists. In addition, a licence is required for the transfer of technology that is included in the lists, together with related services, to a customer in another country, whether such services are carried out in Norway or abroad.

Efforts are being made to include goods and services that could be used for terrorism in the multilateral export control regimes. Several additions to the lists have been adopted by these regimes, for example unmanned aerial vehicles (UAVs) and certain smooth-bore firearms. There have also been discussions on whether additional goods and technologies should be added to these lists.

The Norwegian lists (Lists I and II) are regularly up-dated in accordance with the amendments to the lists of the multilateral regimes.

Other licensing requirements. Special exemptions from the licensing requirements

In addition to the licensing requirement for technology and services that are specified in the control lists, the regulations contain provisions that in certain cases, cover goods that are not included in the lists. There are three such "catch-all" provisions in the regulations (section 1 f, g and h).

The first of these provisions states that a licence is required for export of any goods, technology or services for military purposes to areas where there is a war or the threat of war, or to countries where there is a civil war, regardless of whether they are included in the Ministry of Foreign Affairs' lists.

The second provision sets out a licensing requirement for the export of any goods, technology or services in cases where the exporter is aware that the goods, technology or service is intended for, or will be used in connection with the development, production, maintenance, storage, detection, identification or destruction of nuclear, chemical or biological weapons, regardless of whether they are included in the Ministry of Foreign Affairs' lists. Corresponding provisions apply in connection with the development, production, maintenance or storage of missiles that can deliver such weapons.

Thirdly, there is a licensing requirement for the export of any goods, technology or service for military use to areas that are subject to an arms embargo imposed by the UN Security Council pursuant to Chapter VII of the UN Charter, regardless of whether they are included in the lists issued by the Ministry of Foreign Affairs. This is in line with the resolutions adopted by the Wassenaar Arrangement in December 2003.

3.3 Guidelines for the Ministry of Foreign Affairs

The purpose of the *Guidelines of 28 February 1992 for the Ministry of Foreign Affairs when dealing with applications concerning the export of weapons and military materiel, as well as technology and services for military purposes* is to facilitate decisions as to what goods qualify for export licences. For example, they explain the principles to be applied when deciding which countries may import defence materiel from Norway. They also define the categories of materiel that may be exported to the various groups of countries and the documentation requirements that are applicable.

The control of the export of arms and military equipment is based on a government statement of 11 March 1959 which was approved by the Storting on the same date and which states that: "In making the decision, importance shall be attached to foreign and domestic policy assessments, and the primary consideration should be that Norway will not permit the sale of arms or munitions to areas where there is a war or the threat of war, or to countries where there is a civil war."

In a decision of the same date, the Storting "takes note of the statement made by the Prime Minister on behalf of the Government. The Storting declares most emphatically that arms and munitions may be exported from Norway only after a careful assessment of the foreign and domestic policy situation in the area in question. In the Storting's opinion, this assessment must be conclusive of the question whether such goods are to be exported." The Ministry of Foreign Affairs' assessment of these conditions includes a number of political and technical questions, such as issues of democratic rights and fundamental human rights, cf. also Reports No. 43 (1997-1998), No. 45 (2000-2001), No. 29 (2001-2002) and No. 35 (2002-2003) to the Storting.

The Storting unanimously endorsed a clarification made by the Bondevik I Government in 1997 stating that “an assessment by the Ministry of Foreign Affairs should include consideration of a number of political issues, including issues relating to democratic rights and respect for fundamental human rights.”

The guidelines do not include lists of countries, but define three main groups of countries that are to be used by the Ministry of Foreign Affairs when assessing whether a country qualifies to import defence materiel from Norway. Group 1 consists of members of NATO, the Nordic countries and other countries that, after a careful assessment, may be approved by the Ministry of Foreign Affairs as recipients of weapons and ammunition. Group 2 comprises countries to which Norway may not export defence materiel pursuant to the current regulations. These are countries that are at war or where there is a threat of war, countries where there is civil war, countries where a careful assessment of the foreign and domestic policy situation indicates that the export of defence materiel is inadvisable, and countries that the UN Security Council has imposed sanctions against. Group 3 consists of countries that, after careful consideration, are deemed to qualify for imports of other military equipment.

The guidelines distinguish between materiel in Category A and Category B. Both categories are included in List I. Category A materiel comprises weapons and ammunition of all types, and other materiel that could affect the military balance of power beyond the immediate vicinity including materiel for maritime surveillance and electronic measures against satellite-borne systems. Category B materiel comprises defence materiel that does not have the properties or areas of application that are defined for Category A. The guidelines state that a licence may only be granted for Category A materiel that is imported by or on behalf of the defence authorities of the recipient country. This must be documented.

Documentation requirements and end-user control

The Ministry of Foreign Affairs must ensure that satisfactory documentation has been made available before granting an export licence. The documentation requirements will vary according to the importer and the type of materiel to be exported.

The documentation may be in the form of an end-user statement, in which the importer declares that he/she is the end-user or recipient of the materiel, provides information on where it is to be installed and used, and declares that the materiel will not to be resold without the consent of the Norwegian authorities. In certain cases, it may be required that the end-user declaration is certified by the authorities.

In certain cases, the invoice, sales contract or order confirmation may be sufficient documentation. For input goods such as gunpowder and other explosives, and components, a customer declaration is required certifying that the materiel is to be used solely for the importer's own production, that it will not be re-exported separately, and that it will form part of a finished product that is not deemed to be Norwegian. The import certificate is to ensure that any re-export is in accordance with the export control regulations in the importing country.

With regard to the export of weapons and other military materiel between the defence authorities of NATO countries, there is a long-standing practice of waiving the requirement for an end-user declaration with a re-export clause. This practice is based on the confidence that no other NATO partner would re-export imported military

materiel. This has been explained to the Storting, for example in Report No. 9 (1996-1997) to the Storting on the export of defence materiel from Norway in 1996. Moreover, no geographical constraints have ever been imposed on the defence authorities of NATO countries as regards the use of defence materiel imported from Norway.

International co-ordination of documentation requirements and end-user control is needed in order to ensure that the framework conditions are as similar as possible. There is an international exchange of information and viewpoints on the documentation that should be required. The objective is to develop more uniform standards and procedures at the international level, with a view to preventing illegal weapons trade. Agreement has been reached in both the OSCE and the Wassenaar Arrangement on a basic format for an end-user certificate.

Parts and components and multinational products

The guidelines take account of the fact that goods may be exported for different purposes, for example co-operation and development projects, services or the transfer of technology. The goods may have independent functions or may consist of parts or components. Part and components means goods that have no independent function, such as electronic components, software and metal mandrels. Applications for exports of parts and components shall in principle be dealt with in the same way as applications for exports of end products. However, Norwegian end-user control may be dispensed with in certain cases, for example in connection with co-operation agreements approved by the Norwegian authorities, cf. section VII.2 of the guidelines. These rules apply when the finished product is not designated as Norwegian.

Exceptions to the general rule of Norwegian end-user control may also be made on certain conditions if the product is the result of multinational co-operation. Section III of the guidelines, which deals with co-operation and development projects, provides for the finished product of such co-operation to be re-exported in accordance with the export control rules of the partner country if the product is not designated as Norwegian.

The guidelines of 1992 were not quite clear with regard to how exports of multinational products were to be dealt with. Closer integration of the defence industry and closer international co-operation on the development and production of defence materiel created new challenges in terms of export control.

A new section, Section IV, was therefore incorporated in the guidelines in 1998, which sets out more detailed rules for dealing with multinational products.

3.4 The EU code of conduct

Norway adopted the EU Code of Conduct on Arms Exports in 1998. The eight criteria set out in the Code have so far been applied within the framework of Norwegian legislation, but without direct reference to the criterion in question. The aim is for the standards required by Norwegian legislation and practice to be at least as high as those of the EU.

Since it was adopted in 1998, the Code of Conduct has become an international reference document in connection with licensing exports of arms and military equipment. It is also increasingly regarded as setting a standard for transparency as

regards arms exports. The EU criteria are increasingly being invoked in the multilateral export control co-operation. Norway attaches great importance to taking part in efforts to win international acceptance for high standards in this area, both in relation to the proper processing of applications and as regards the degree of transparency in trade in these goods.

In this connection, Norway and the EU signed an agreement in 2004 on closer co-operation within the framework of the Code of Conduct. This co-operation includes the regular exchange of information on the refusal of applications to export weapons and military materiel on the basis of the principles set out in the Code of Conduct.

The criteria of EU code of conduct to be used when considering applications for export licences are summarised as follows:

- Respect for the international commitments of the 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
- Respect of human rights in the country of final destination
- The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts
- Preservation of regional peace, security and stability
- 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
- 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
- The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions
- 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

Extensive work has been carried out in the EU in the last couple of years with a view to further developing and strengthening the code of conduct. The EU countries are expected to agree additional mechanisms for the control of arms and military equipment in 2005.

4 Multilateral export control co-operation and measures to combat international terrorism

In recent years, multilateral export controls have become an important tool in efforts to prevent the spread of weapons of mass destruction and the build-up of conventional military capacity that could threaten international stability and security. Since the September 11 terrorist attacks, the international community has implemented new measures and tightened existing guidelines in order to prevent arms, military equipment and sensitive dual-use goods that can be used to develop weapons of mass destruction from falling into the hands of terrorists.

These steps have been taken pursuant to Security Council resolution 1373 (2001), which requires member states to take the necessary steps to prevent terrorism, including enacting legislation and establishing control systems at national level.

On 28 April 2004, the UN Security Council adopted resolution 1540 on the non-proliferation of weapons of mass destruction, which reaffirms the obligation of member states to prevent the proliferation of weapons of mass destruction by taking and enforcing effective measures to establish domestic controls directed at non-state actors. A UN committee has been established to monitor member states' progress in implementing the resolution.

The reporting requirements particularly concern national legislation on import and export controls, police and customs controls and physical safeguarding of sensitive materials.

Resolution 1540 is an important supplement to export control measures in the fight to prevent proliferation of weapons of mass destruction. It commits all member states to combating the proliferation of nuclear, biological and chemical weapons and their means of delivery. This commitment applies regardless of whether a country is party to the global disarmament and non-proliferation treaties.

The question of how the export control regimes can contribute to an even greater degree to preventing sensitive goods and technologies from falling into unauthorised hands in cases where there are no means of verifiable assurance that they will be used for civilian purposes is high on the international agenda.

The purpose of export regime co-operation is to ensure implementation of and compliance with international treaties that place restrictions on or prohibit certain types of weapons. This applies to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the Chemical Weapons Convention (CWC) and the Biological Weapons Convention (BWC).

A number of initiatives have been taken within the multilateral export control and non-proliferation regimes to fulfil Security Council resolutions 1373 and 1540. The first step has been to update the basic documents governing the regimes so that their scope is extended to include measures to prevent the proliferation of sensitive goods and technology to terrorists. The mechanisms for exchange of information, control of transshipments, tightening of border controls and control of transfers between third countries and intangible transfers of technology have been considerably strengthened. Work has also been started on identifying which of the sensitive goods that are not

currently on the control lists are likely to be the most attractive to terrorists, such as jamming equipment and certain types of laser equipment.

Concerted efforts have been made to ensure the greatest possible co-ordination and co-operation between exporting countries. It is essential in this connection that the information exchanged is used by the national security, licensing and control systems.

In addition to the exchange of information on end-users, straw companies, sales methods, delivery routes and projects that are of particular concern in connection with proliferation, there is an extensive exchange of information between regime members on the actual exports that are allowed and the applications that are refused. An encrypted electronic communications system has also been established.

The export of conventional weapons is, in principle, a national responsibility, and must also be seen in the light of each country's own security interests and ability to respond to threats. It is encouraging that multilateral co-operation and co-ordination of export control in connection with conventional weapons and military equipment have been expanded in recent years.

List I in the Norwegian export control system is basically a national list of arms and military equipment, but it is also designed to include arms and other military goods on the international lists⁸.

The control of dual-use goods (List II in the Norwegian system), i.e. goods and technology that in addition to civilian and commercial uses could also be used in the development of weapons of mass destruction or for conventional military purposes, is based exclusively on the multilateral co-operation and the obligations undertaken by the countries that are party to the export control regimes.

In recent years, the EU has been increasingly active in the multilateral export control regimes. Export control is one of the three priority areas adopted by the EU countries in the fight against terrorism. There is close co-operation and co-ordination between the EU countries in terms of the export of weapons and military goods as well as dual-use goods. The Norwegian control measures are based on the EU dual-use regime with regard to both the control lists and the control mechanisms.

The Proliferation Security Initiative

Concerns that terrorists could acquire weapons of mass destruction have led a number of countries to take initiatives to develop closer international co-operation to prevent trade in and transport of weapons of mass destruction and related technology. Norway joined the Proliferation Security Initiative (PSI) in March 2004.

The purpose of the initiative is to make it easier to interdict the transfer or transport of weapons of mass destruction and related technology to and from countries of proliferation concern. Participants in the initiative are now focusing more on co-

⁸ The Wassenaar Arrangement has drawn up its own control list of weapons and military materiel in addition to the dual-use list. The Missile Technology Control Regime has weapons that have no other function or use on its list. The Nuclear Suppliers Group (NSG) and the Australia Group only include source materials and equipment for manufacturing nuclear, chemical and biological weapons.

operation in the field of justice and home affairs and uncovering and shutting down international networks involved in the sale and proliferation of weapons of mass destruction. Norway's involvement in the PSI is a natural continuation of our engagement in non-proliferation efforts and the fight against international terrorism.

The Wassenaar Arrangement

The purpose of the Wassenaar Arrangement (WA) is to prevent deliveries that could lead to a destabilising build-up of conventional weapons and sensitive high technology, and to prevent terrorists and terrorist groups from gaining access to such weapons. The WA is the only regime that deals with conventional arms and military equipment.

In 2003, the WA carried out a second review with a view to strengthening and further developing the binding requirements in the co-operation. Such reviews are to be carried out every four years. For the first time since the arrangement was established in 1996, agreement was reached on a number of substantive measures designed to increase control of transfers of conventional arms and sensitive high technology. Today the WA is an important export control regime with high standards.

Norway led the negotiations that resulted in establishment of agreed elements for national legislation on arms brokering between two foreign powers at the Assessment Plenary in December 2003. This means that considerable progress has been made in the efforts to tighten controls over Man-Portable Air Defence Systems (MANPADS). Norway is playing a leading role in the negotiations on updating the control lists. These efforts will be continued in 2005.

The Australia Group

The Australia Group (AG) was established in 1984 for the purpose of preventing the proliferation of chemical and biological weapons. There is reason to suspect several countries of having these types of weapons. There is also concern that terrorists could gain access to chemical and biological weapons or related source materials. In order to ensure that compliance is as uniform as possible, guidelines have been established for implementing national controls in participating countries.

In recent years, there has been increasing focus on strengthening the dialogue with countries that are not participating in the regime, but are potential suppliers of sensitive chemicals and biological agents. In 2004, China requested a formal dialogue with the Australia Group. An action plan was approved for Asia and the Pacific area, and it was agreed to intensify efforts vis-à-vis a number of key countries of proliferation concern. It has been agreed that a mechanism should be established to ensure that countries implement the measures laid down in national export control legislation and practice. Meanwhile it is disquieting that some of the countries of proliferation concern are showing signs of having an increasing independent capacity to develop weapons of mass destruction.

The Missile Technology Control Regime

The objective of the Missile Technology Control Regime (MTCR) is to limit the proliferation of missiles, missile systems and unmanned aircraft capable of delivering weapons of mass destruction. The MTCR, which now has 34 partner countries, was established by the G7 countries in 1987. Norway joined in 1990. Lists of technology

and materials have been drawn up and are regularly updated. The MTCR has adopted guidelines for increasing the exchange of information on states that represent a proliferation risk.

For a number of years, the MTCR was the only international forum intended to prevent the proliferation of delivery systems for weapons of mass destruction. The Hague Code of Conduct against Ballistic Missile Proliferation (HCOG) was the result of an initiative by the MTCR countries to strengthen efforts in this field. This independent, multilateral instrument was adopted in The Hague in 2002.

Approximately 120 countries have now subscribed to the HCOG. Through confidence-building measures, such as pre-launch notifications of ballistic missile and space launch vehicle launches, the Code of Conduct is designed to limit the development and proliferation of missiles that are capable of delivering weapons of mass destruction.

The Zangger Committee and the Nuclear Suppliers Group (NSG)

Two regimes have been established for nuclear-related export controls. The Zangger Committee was set up in 1971 as a working group under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) to harmonise the States Parties' interpretation of the obligation not to export material that could be used in the development of nuclear weapons.

The Nuclear Suppliers Group (NSG) was formed in 1976 by countries that wanted a more extensive export control regime for nuclear products and material than the Zangger Committee was able to provide. The NSG has produced two sets of guidelines containing lists of items: one for material and technology that are especially designed or prepared for nuclear use (from 1976); and one for dual-use goods and related technology (from 1992). The 1992 dual-use guidelines were drawn up as a direct response to the disclosure of the nuclear weapons programme in Iraq, which had largely been developed on the basis of dual-use technology.

The guidelines stipulate that nuclear transfers are to be conditional on the existence of a comprehensive safeguards agreement with the IAEA and on the recipient country being party to the NPT.

Initiatives have been taken to increase the exchange of information, update the basic documents and identify items and technologies that are of particular interest in connection with terrorism and proliferation. Initiatives have also been taken to intensify and deepen the dialogue with countries that could act as transit points for deliveries of goods to countries of proliferation concern.

Norway took over the chair of the NSG in June 2005.

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

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) came into force in 1970, and has helped to limit the number of countries that have acquired nuclear weapons. In recent years, the NPT has been under considerable pressure in connection with the policies of Iran and North Korea.

Norway is working actively to ensure a positive and balanced result of the NPT Review Conference in May 2005. Norway's key objectives include strengthening the

non-proliferation regime of the NPT, primarily with regard to the IAEA's verification capability and the agency's ability to carry out credible inspections, and making the Additional Protocol mandatory for all NPT States Parties. Norway is also promoting universal acceptance of the NSG and Zangger Committee guidelines.

Safeguards Agreements with the IAEA – the Model Additional Protocol

The International Atomic Energy Agency (IAEA) in Vienna plays a key role in the implementation of measures to ensure that nuclear materials and equipment are not used for military purposes. All NPT States Parties are obliged to enter into safeguards agreements with the agency.

In the early 1990s, it was recognised that the existing safeguards agreements were inadequate. This led to the negotiation of a model additional protocol to be concluded by parties to safeguards agreements. The additional protocols oblige the parties to provide more detailed information on their nuclear activities, allow the IAEA to undertake independent verification of facilities that are not reported and collect environmental samples in and around facilities.

The UN Register of Conventional Arms

In December 1991, the UN General Assembly adopted a resolution calling on member states to report their exports and imports of major conventional arms to the UN Register of Conventional Arms on an annual basis from 1992 onwards. The register contains information on the following seven categories of arms: battle tanks, armoured combat vehicles, large-calibre artillery systems, combat aircraft, attack helicopters, warships, and missiles and missile launchers.

The UN Register of Conventional Arms is intended to promote greater transparency in international arms transfers. However, the register is not complete, and therefore does not give a full picture of the international trade in conventional weapons. As yet, fewer than half of the member states report regularly to the register. However, they include nearly all the major exporters of major conventional weapons and most of the main import countries. Norway actively supports the initiatives that have been taken to extend the register to cover more categories of arms.

Sanctions imposed by the Security Council. Decisions by other organisations to impose embargoes

Mandatory UN Security Council resolutions imposing sanctions in accordance with Chapter VII of the UN Charter are implemented in Norwegian law in the form of regulations pursuant to the Act of 7 June 1968 No. 4. Thus, Security Council resolutions become part of Norwegian law.

Norway has taken part in a number of international processes designed to make the UN sanctions policy more effective and improve the implementation of sanctions. Among other things, Norway has participated actively to efforts to ensure that any sanctions imposed are targeted and time-limited.

As of 1 April 2004, full or partial arms embargoes based on sanctions agreed by the Security Council were in force against the following countries: Iraq, Liberia, Sierra Leone, Somalia and DR Congo, in addition to Rwanda and the bordering countries Burundi, Tanzania, Uganda and DR Congo, if the arms and related materiel are intended for use in Rwanda. In addition there is an embargo on sales and supplies of

arms, etc., to Al-Qaida and the Taliban. Norway has also joined a voluntary arms embargo against Armenia and Azerbaijan.

In addition to the sanctions imposed by the Security Council, the OSCE passed a resolution on an arms embargo in connection with the conflict in Nagorno Karabakh in 1992. As a member of the OSCE, Norway complies with the embargo. Norway has also aligned itself with certain common positions adopted by the EU on arms embargoes against certain countries. As a rule, these embargoes have been implemented on the basis of the export control legislation.

The Norwegian Government laid down the regulations of 4 July 2003 on special measures against Burma (Myanmar) pursuant to the Act of 27 April 2001 No. 14 relating to the implementation of international, non-military measures involving the termination of or restrictions on economic and other relations with third countries or movements. Norway has also adopted the regulations of 15 August 2003 pursuant to the Act of 27 June 2003 No. 58 on special measures against the Republic of Zimbabwe. Both of these sets of regulations impose a ban on the export of arms and related equipment to these two countries, and on providing technical assistance or training related to such items.

Small arms

Export controls and illegal international trade in small arms are high on the agendas of the UN, the EU, the OSCE and the Wassenaar Arrangement (WA). Substantive guidelines were adopted at the plenary meeting of the Wassenaar Arrangement in December 2002 that strengthen the participating countries' control of transfers of small arms and light weapons. Norway led the negotiations that resulted in December 2003 in a common Wassenaar criterion that could be used by the participating states as a basis for their national legislation on the brokering of arms between two third countries.

A Norwegian proposal to start negotiations in 2004 on an international agreement on marking and tracing small arms was adopted at the UN General Assembly in autumn 2003. The negotiations began in January 2005 and are expected to be completed in June the same year.

Norway has also supported a number of projects designed to improve legislation and international co-operation and facilitate the collection and destruction of small arms in vulnerable areas. We are co-operating closely with regional organisations in this connection, especially in Africa.

5 Administrative procedures in the Ministry of Foreign Affairs and co-operation with other authorities

5.1 The Norwegian export control system

The Ministry of Foreign Affairs is the national authority and administrative body for export control. The Ministry is also responsible for co-ordinating national efforts in the export control area. This co-operation is known as the Norwegian export control system, and encompasses the Norwegian Customs and Excise, the Police Security Service, the Norwegian Defence Research Establishment and the Institute for Energy Technology. The Ministry also co-operates with other authorities as necessary, particularly the Ministry of Defence and the Norwegian Radiation Protection Authority.

Co-operation with other authorities

In 2004, the Ministry of Foreign Affairs took initiatives to strengthen Norwegian export control efforts and make them more effective. Given the number of international initiatives, it has been necessary to co-ordinate Norwegian implementation of export control more closely. One of the objectives is to exchange and systematise relevant information between the authorities involved.

The Norwegian Customs and Excise is responsible for enforcing export control, and the Police Security Service is responsible for preventing and investigating any breaches of the legislation.

In response to the September 11 terrorist attacks, various working groups comprising security experts have been established, and the exchange of information has been considerably intensified. The focus is now on non-state actors in addition to countries of proliferation concern. This has also led to increased efforts on the part of the enforcement system. The Police Security Service is involved in this co-operation.

In addition to carrying out controls on its own initiative, the Norwegian Customs and Excise also co-operates with the Ministry of Foreign Affairs on control efforts, including verification of export and shipping documents, and physical control of goods. Experts from the Norwegian Defence Research Establishment assist the Norwegian Customs and Excise with these physical controls as needed. Auditors from the Norwegian Customs and Excise control the companies' export documents in connection with the examination of their accounts.

As a result of the exchange of information in the multilateral export control regimes, the Ministry of Foreign Affairs has established a database of foreign importers and users that are of proliferation concern. This database can be accessed by the Norwegian Customs and Excise, so that any planned exports to these recipients can be identified and examined more closely. The database is updated regularly.

The Norwegian Defence Research Establishment is consulted as needed in connection with assessing the technical specifications and areas of application of products, technology and services. The Institute for Energy Technology is consulted as needed

in connection with applications relating to nuclear items or technologies. If an application touches on important defence issues or materiel co-operation with other countries, the Ministry of Defence is consulted. The Ministry of Trade and Industry is consulted in connection with applications that touch on important Norwegian business interests.

Providing information to the exporters

An effective export control system depends on close co-operation and dialogue with producers and suppliers of sensitive goods and technology. A close dialogue has therefore been established with relevant technology companies.

The Ministry has also published extensive information on export control on the Internet (www.eksportkontroll.mfa.no). Importance has been attached to improving the presentation and visibility of information on the Internet in recent years in order to increase public awareness and knowledge about export controls and non-proliferation. Brochures have also been produced to disseminate this information further.

The Ministry considers it important to be accessible to the business sector by telephone, e-mail or personal contact. Other actors in the national system, such as the Customs and Excise and the Police Security Service, also have contact with the relevant exporting companies and potential suppliers of sensitive goods in order to exchange information.

Information activities and activities related to compliance routines in the relevant companies will continue to be important tasks for the Ministry of Foreign Affairs in the time ahead.

5.2 Export control of defence materiel

The Ministry of Foreign Affairs carefully considers each application for an export licence for defence materiel on an individual basis. The issue of export licences for weapons and ammunition is based on a thorough assessment of the foreign and domestic policy situation in the country and the area in question. The assessment includes a number of political and technical issues, such as whether there is a threat of war or armed conflict, the situation in the country in terms of democratic rights and respect for fundamental human rights, and whether the materiel has defensive or offensive applications.

The guidelines of 1992 set out the considerations and assessments that are to form the basis for processing the application. The guidelines are also intended to make it easier for exporters to assess the likelihood of being granted a licence to export defence materiel from Norway.

The main recipients of defence materiel from Norway are the NATO countries and the Nordic countries. As a general rule, when considering an application for an export licence to one of these countries, a new assessment of the political situation in the recipient country is not required.

According to the guidelines, weapons and ammunition may only be exported to government authorities. The Norwegian export control system is not intended to regulate the activities of the Norwegian defence authorities or those of the UN, NATO or the EU. Exemptions therefore apply in cases where the equipment in question is to be used by Norwegian forces abroad, for example in connection with international

operations, mine clearance, efforts to combat international terrorism or when the recipient is a defence authority in a NATO or EU country. According to the export control regulations, the Ministry of Defence is obliged to report all such exports on a yearly basis to the Ministry of Foreign Affairs.

The legislation does not require a licence from the Ministry of Foreign Affairs for marketing. However, this is such a long-term, resource-intensive process that companies generally want a preliminary indication of whether they can count on being granted an export licence. The Ministry of Foreign Affairs deals with enquiries about preliminary permission in accordance with the current guidelines, along the same lines as for concrete licence applications. If preliminary permission is granted, it is always on the understanding that the application will be reconsidered in the light of the situation at the time the actual application is submitted.

Co-operation agreements

The Ministry of Foreign Affairs may waive the requirement for end-user control for sub-contracts awarded to Norwegian companies to provide parts or components to foreign producers in cases where a co-operation agreement exists between the Norwegian company and the foreign company that has been approved by the competent authority. As of 31 December 2004, there were around 60 such co-operation agreements. This arrangement is vital if Norwegian companies are to maintain a reputation for credibility and reliability in the international defence market.

Follow-up deliveries

In Recommendation S. No. 41 (2003-2004) by the Standing Committee on Foreign Affairs on the export of defence materiel from Norway in 2003, it was pointed out that the political situation is constantly changing, and that the legislation therefore has to be updated on a regular basis. The Committee is of the view that this must also apply to maintenance, repairs and spare parts, and that close co-operation is needed between the Ministry of Foreign Affairs and the exporter.

According to the export control regulations, an export licence may be revoked if the licence holder misuses it to a considerable extent, if new information or changes in the facts emerge or if there are changes in the political situation in the recipient country or area that significantly alter the basis on which permission was granted.

As defence materiel generally has a long life-span, importers will need to maintain and repair the equipment and purchase spare parts for a long period of time. Access to maintenance and spare parts in the future is sometimes included in the contract. Thus, the authorities have to take into consideration the credibility of Norwegian suppliers in connection with applications for follow-up deliveries. The Ministry of Foreign Affairs, in its role as administrative and control authority, attaches great importance to working closely with each exporter in each individual case.

Control of the transfer of weapons and military equipment between third countries

According to the export control regulations, trading in, negotiating or otherwise assisting in the sale of military goods and technology that are included in List I from one foreign country to another is not permitted for persons resident or staying in Norway or for Norwegian companies, foundations and associations without a licence from the Ministry of Foreign Affairs.

Norway is actively engaged in international efforts to reach agreement on a common criterion that can serve as a basis for the national control of arms brokering in the exporting country. The purpose is to prevent national export control from being undermined by the existence of loopholes that allow for brokering activities outside public control.

5.3 Export control of dual-use goods

List II from the Ministry of Foreign Affairs covers dual-use goods included in the multilateral export control regimes. The primary area of application of dual-use goods and appurtenant technology is civilian, but they also have important potential applications in connection with developing and producing weapons of mass destruction. These goods include certain chemicals, biological agents, machine tools, lasers, gas monitoring systems, graphite, high-pressure nozzles, hydrophones, measuring equipment, optic materials and radar systems. In contrast to List I, List II is very complex, both in scope and in technical detail.

The export control of dual-use goods is based on the multilateral export control co-operation. All countries that participate in the international non-proliferation and export control regimes carry out controls on the basis of common lists of goods based on consensus decisions that set out requirements for the implementation of certain control mechanisms.

It is a more complicated process to control that no dual-use goods or technology that could be used to develop weapons of mass destruction is exported by Norwegian companies than to carry out similar controls of military equipment. Dual-use goods can have both civilian and military applications, and can also have potential uses in connection with weapons of mass destruction.

The key elements in the assessment of whether the export of a dual-use item may be permitted are whether the item in question can be used for weapons purposes, including weapons of mass destruction, and the question of end-user control.

As regards applications for export licences for dual-use goods, a thorough technical assessment is made of the area of application and of whether they have a possible use in connection with weapons of mass destruction. Expert advice is sought from the Norwegian Defence Research Establishment or the Institute for Energy Technology as appropriate. The end-user is also thoroughly assessed on the basis of the information that has been exchanged either through the multilateral regimes or bilaterally. If the assessment concludes that a licence may be issued, documentation is required substantiating what the item is to be used for and who is to use or install it. In special cases, it is also stipulated that Norwegian representatives are to be allowed to inspect the item without prior notice to ensure that it is being used in accordance with the licence.

Consideration is also given to whether the goods to be exported are appropriate for the stated end-use, both in terms of technical capacity and in terms of quantity. The application will be refused if it is found that the goods are likely to be used in a weapons programme in the end-user country.

The application will also be refused if another country participating in one of the multilateral regimes has reported that it has already refused an identical application. Refusals of applications for export licences and the grounds for the refusal are

reported to the relevant export control regime. It is a basic premise of these regimes that participating states do not undermine each other's refusals by approving identical applications. Refusals must be justified on the basis of the guidelines of the regime in question. In case of doubt, or in the event it is necessary to obtain more information, e.g. on technical issues, consultations between the parties may be initiated to clarify whether or not an application is identical.

In order to ensure that Norway complies with the extensive requirements for control of nuclear exports, special guidelines have been drawn up by the Ministry of Foreign Affairs for certain particularly sensitive nuclear goods.

Control of non-listed goods – catch-all rules

As noted above, there are stringent criteria for which goods qualify for inclusion on the lists. This means that there will always be goods and technology that do not fully qualify, but that may nevertheless have a considerable potential in connection with the development or production of weapons of mass destruction.

Catch-all rules have been drawn up to cover attempts to acquire non-listed goods for programmes to develop weapons of mass destruction. This means that licences are required for goods, technology and services that are not included on the lists when it is known that they are intended for, or will be used for, the development, production, maintenance, storage, detection, identification or destruction of nuclear, chemical or biological weapons or for the development, production, maintenance or storage of missiles that can deliver such weapons.

After the amendments to the regulations made in November 2004, all goods, including those not included in the Ministry of Foreign Affairs' lists, are subject to control if they are intended for military use in a country under an arms embargo imposed by the UN Security Council. This is in line with the consensus reached in the WA in December 2003 and with the relevant EU rules in this field.

Close co-operation and dialogue with exporters and potential suppliers are necessary to enforce this type of control. The Ministry considers it very important to provide information on the catch-all rules in connection with meetings and seminars on export control. Information is also provided on the Ministry's web pages on export control (www.eksportkontroll.mfa.no).

Control of intangible transfers of technology

Intangible transfers of sensitive software, technology or knowledge may take place in various ways, for example verbally, in a fax or through the electronic media. This means that the control of intangible transfers of technology requires measures other than the traditional border controls carried out by the Norwegian Customs and Excise. In recent years, the multilateral export control regimes have been discussing measures that could be effective in this connection.

There is broad agreement that the electronic transfer of sensitive software and technology is a weak link in the export control regime, and that it is essential that the participating states control transfers of sensitive technology on a national basis through licensing requirements.

Intangible transfers of technology are covered by the general Norwegian export control legislation. A licence from the Ministry of Foreign Affairs is required for any

transfer of this kind, just as it is for any other export of products, technology or services that are included in the lists. Control measures are carried out in close cooperation with the business sector, and great importance is attached to information and dialogue in this regard. The EU adopted common control mechanisms for intangible transfers of technology in 2000.

6 The Norwegian Defence Industry and International Co-operation

During the past ten years, the defence industry in Norway has undergone extensive restructuring. The companies in the sector previously relied on the Norwegian defence authorities as their main client, but have now diversified by increasing their exports to both military and civilian clients. The result is that today Norway has few companies that exclusively produce defence goods, but a number of companies where some of the production is defence-related.

The defence-related industry in Norway must participate more fully in international materiel co-operation and be competitive both in the domestic and in the international market if it is to survive. The Ministry of Defence has helped a number of Norwegian companies to develop long-term strategic co-operation with international partners by requiring them to participate in multinational defence materiel projects and through its repurchase regime. Several Norwegian companies have acquired important niche expertise and are well positioned to take part in the market as main and sub-suppliers.

International co-operation on defence materiel and technology takes place within NATO, the EU, the Nordic Armament Co-operation (Norway, Sweden, Finland and Denmark) and the North Sea Co-operation (bilateral agreements between Norway and Denmark, Germany, the Netherlands and the UK respectively).

The Nordic co-operation is subject to export controls, but the agreement does not require the amendment of national legislation. It is a premise of the co-operation that exports to third countries are regulated in such a way that each of the parties to the agreement may individually require that products that are covered by the agreement are not exported to undesirable recipient countries.

The Norwegian authorities focus on industrial projects that can offer the Norwegian defence authorities efficient solutions and at the same time take account of the need for more integrated co-operation with allies and other co-operation partners. The major companies and the potentially most interesting partners for the Norwegian defence industry are located in the US and the EU countries.

For smaller countries and their defence industries, multinational co-operation in connection with the purchase and development of defence materiel will be increasingly important to ensure a viable industry in the long-term. Norway will therefore give priority to multinational solutions involving selected partners in the future.

7 Exports of Defence Materiel in 2004

This chapter gives an overview of exports of defence materiel based on the export value of sales of goods, technology and services that are included in List I. It does not include information on temporary exports of goods for demonstration purposes or repair, or on goods that have been or will be returned to Norway.

The chapter also provides information on export licence applications that have been refused. The refusals that are included in the overview are formal refusals of licence applications dealt with in accordance with Norwegian regulations for export control. In accordance with the co-operation that was entered into on the basis of the EU Code of Conduct, cf. Chapter 3.4, Norway intends indicate which criterion in the Code of Conduct has been used as the basis for refusals from 2005 onwards. In this way Norway will help to promote a high international standard of transparency with respect to exports of defence materiel.

Information is also given on licences granted for negotiating sales of defence materiel between two third countries and on licences to transfer production rights to other countries. The value of such licences are not included in the total figures for the sales of defence materiel.

Exports of defence materiel and services

Exports of defence materiel, services and repairs, and refusals of applications for export licences for List I items are shown in the following diagrams and tables⁹:

- 7.1: Exports of Category A materiel by country groups
- 7.2: Exports of Category B materiel by country groups
- 7.3: Exports of defence materiel by recipient country
- 7.4: Exports by item in List I
- 7.5: Exports by country and item in List I
- 7.6: Services to clients in other countries
- 7.7: Repairs carried out in Norway for foreign clients
- 7.8: Overview of exports in the period 1999-2004

Chapter 7.9 gives an overview of applications for export licences that were turned down in 2004. Chapter 7.10 gives information on licences awarded for the transfer of production rights and negotiating sales of defence materiel in 2004. A list of the 51 companies that reported exports of defence materiel in 2004 is given in Chapter 7.11.

The total value of exports in 2004 was NOK 2 billion. Services accounted for approximately NOK 252 million of this, and repair work for owners in other countries for about NOK 35 million. Category A materiel accounted for about NOK 980 million of the total, and Category B materiel for approximately NOK 1 million. In 2003, the total value of exports was just over NOK 3 billion. Approximately NOK 185 million of this was for services and nearly NOK 17 million for repairs.

⁹ The figures are in NOK 1000.

A total of 1123 licences for defence materiel were awarded in 2004, but due to the backlog of awarded licences from 2003, there were 1408 valid licences in 2004.

Because there are large deliveries of defence materiel in some years, the level of exports varies from year to year. In 2003, the value of exports rose, mainly as a result of the delivery of air defence systems in connection with the construction of new frigates for the Spanish Navy. There were no such major deliveries in 2004. In addition there was a general decline in 2004 in exports to the traditional importers of Norwegian defence materiel, particularly Australia, Canada, Finland, France, Italy, Sweden and the UK. Exports to the US, Germany, Belgium, Latvia and Poland increased in 2004.

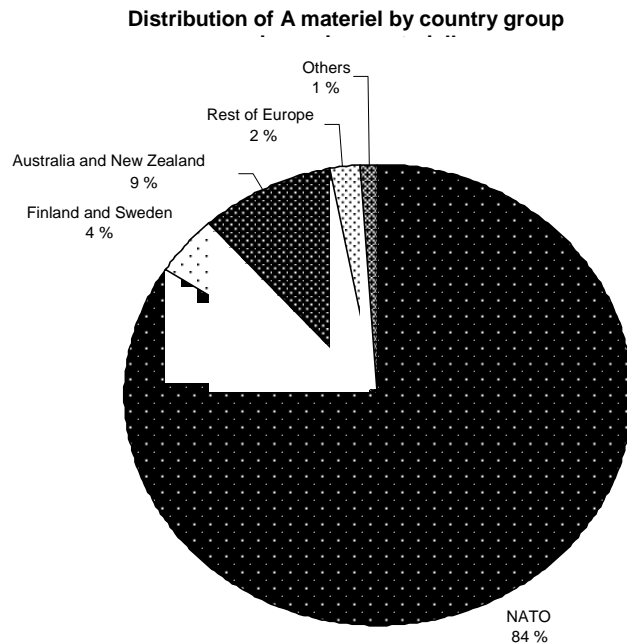
The increase in the value of services in 2004 is mainly due to deliveries to a multinational NATO programme for the development of a new anti-ship missile.

The Nordic countries and the NATO countries are the largest importers of defence materiel from Norway. In 2004, 84 per cent of total Norwegian exports of Category A materiel were to NATO countries, 6 per cent to other European countries and 9 per cent to Australia and New Zealand. The remaining 1 per cent was exported to Brazil, Chile, Japan, South Africa, South Korea and Thailand. Most of the exports of Category B materiel also went mainly to NATO countries (61 per cent), with 24 per cent to Asia and 13 per cent to Sweden, Finland and the rest of Europe.

There is little export of complete weapons systems from Norway, apart from new anti-ship missiles. In 2004, components, parts and subsystems accounted for 54 per cent of total exports. Electronic equipment accounted for 23 per cent and ammunition and explosives accounted for 11 per cent.

7.1 Exports of Category A materiel by country groups

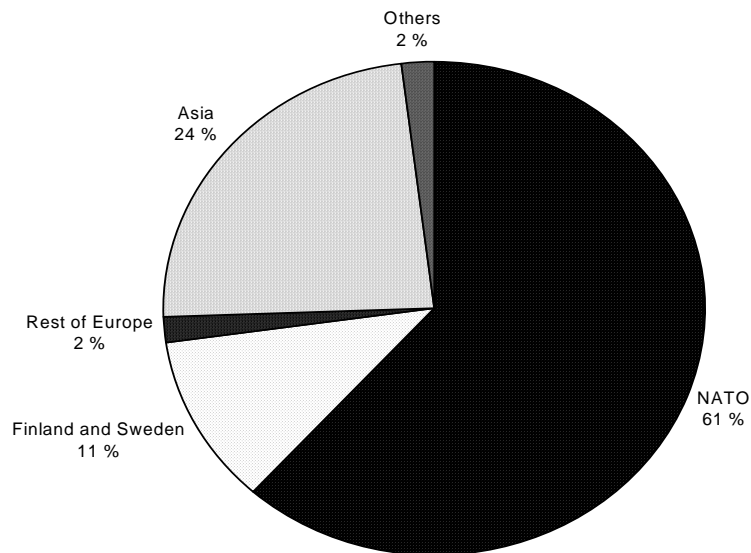
Figure 7.1 shows the total exports of Category A materiel (weapons and ammunition) split by country groups. As the figure shows, NATO countries comprised by far the largest group of importers of Category A materiel in 2004, accounting for 84 per cent. The next largest group was Australia and New Zealand with 9 per cent, followed by Sweden and Finland with a total of 4 per cent. Other importers accounted for 1 per cent of exports from Norway. Tables 7.1 and 7.2 give more detailed information on importing countries, the goods exported and the value of the exports.



7.2 Exports of Category B materiel by country groups

Figure 7.2 shows total exports of Category B materiel (other military materiel) split by groups of importing countries. In 2004, the NATO countries were also the main importers of defence materiel from Norway with regard to Category B (61 per cent). They were followed by Sweden and Finland with 11 per cent, and other European countries with 2 per cent, Asia with 24 per cent and other countries with 2 per cent. Tables 7.1 and 7.2 give more detailed information on importing countries, the goods exported and the value of the exports.

Distribution of B materiel by region



7.3 Exports of defence materiel by recipient country

Table 7.1 shows the distribution of the value of exports of defence materiel in 2004 to individual countries. The value of exports is shown in NOK 1000.

The main importers of Category A materiel are Australia, Germany, the UK and the US. The main importers of Category B materiel are Belgium, Germany, Hungary Sweden and the US.

| Country | Category A materiel | Category B materiel | Total |
|--|---------------------|---------------------|---------|
| <i>Countries that have imported Category A materiel:</i> | | | |
| Australia | 81 373 | 9 286 | 90 659 |
| Austria | 10 642 | 128 | 10 770 |
| Belgium | 719 | 60 340 | 61 059 |
| Brazil | 445 | 0 | 445 |
| Canada | 49 306 | 818 | 50 124 |
| Chile | 562 | 8 480 | 9 042 |
| Czech Republic | 3 | 3 572 | 3 575 |
| Denmark | 5 440 | 5 132 | 10 572 |
| Finland | 7 287 | 2 998 | 10 285 |
| France | 12 444 | 13 562 | 26 006 |
| Germany | 136 109 | 50 763 | 186 872 |
| Greece | 33 507 | 14 766 | 48 273 |
| Greenland | 73 | 750 | 823 |
| Hungary | 944 | 77 496 | 78 440 |
| Iceland | 202 | 0 | 202 |
| Italy | 980 | 1 969 | 2 949 |
| Japan | 607 | 976 | 1 583 |
| Latvia | 1 421 | 17 872 | 19 293 |
| Luxembourg | 118 | 1 057 | 1 175 |
| The Netherlands | 942 | 11 928 | 12 870 |
| New Zealand | 3 307 | 0 | 3 307 |
| Poland | 12 945 | 8 207 | 21 152 |

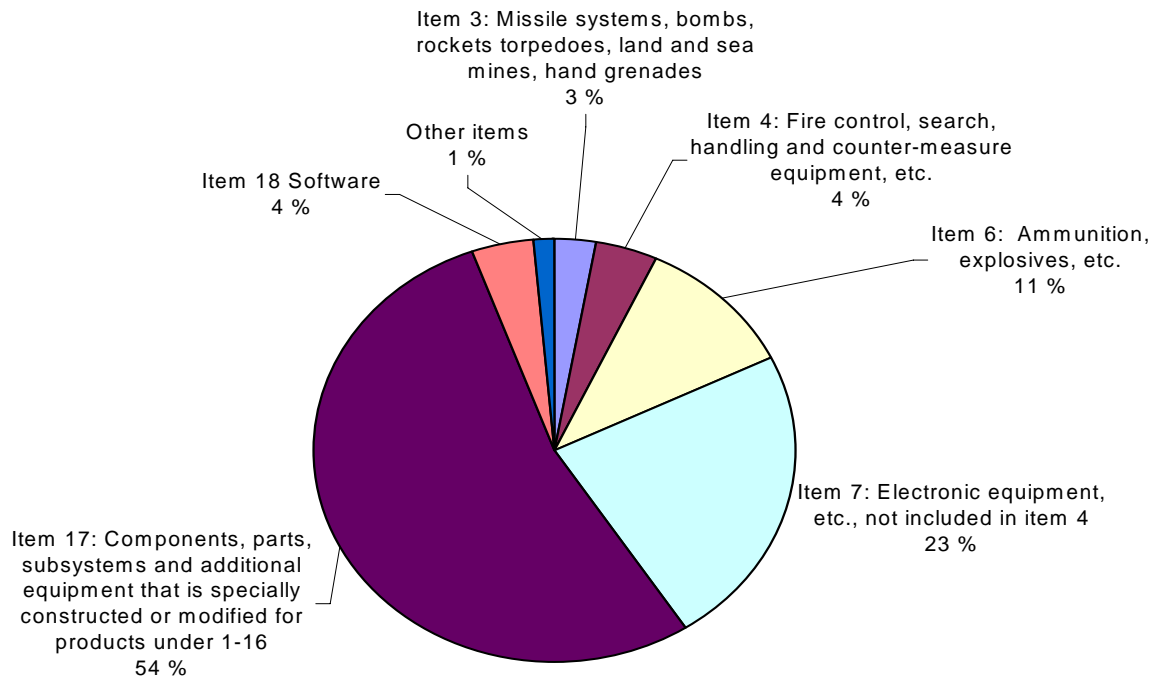
| | | | |
|---|---------|---------|---------|
| South Africa | 902 | 364 | 1 266 |
| South Korea | 63 | 0 | 63 |
| Spain | 16 830 | 13 518 | 30 348 |
| Sweden | 31 793 | 111 712 | 143 505 |
| Switzerland | 9 561 | 3 584 | 13 145 |
| Thailand | 7 381 | 383 | 7 764 |
| Turkey | 53 531 | 127 | 53 658 |
| UK | 81 807 | 19 076 | 100 883 |
| US | 414 887 | 330 735 | 745 622 |
| | | | |
| <i>Countries that have only imported Category B materiel:</i> | | | |
| Croatia | 0 | 7 318 | 7 318 |
| Cyprus | 0 | 47 363 | 47 363 |
| Ecuador | 0 | 48 | 48 |
| Egypt | 0 | 1 632 | 1 632 |
| Hong Kong | 0 | 2 | 2 |
| Ireland | 0 | 6 080 | 6 080 |
| Kuwait | 0 | 1 534 | 1 534 |
| Lithuania | 0 | 9 | 9 |
| Macedonia ¹⁰ | 0 | 1 662 | 1 662 |
| Oman | 0 | 40 202 | 40 202 |
| Portugal | 0 | 820 | 820 |
| Romania | 0 | 1 339 | 1 339 |
| Saudi-Arabia | 0 | 133 871 | 133 871 |
| Serbia and Montenegro | 0 | 178 | 178 |
| Singapore | 0 | 17 854 | 17 854 |
| Slovakia | 0 | 6 932 | 6 932 |
| Slovenia | 0 | 134 | 134 |

¹⁰ Project assistance (gift) under the auspices of the Ministry of Defence relating to a communications system delivery.

| | | | |
|----------------------|---------|-----------|-----------|
| United Arab Emirates | 0 | 2 130 | 2 130 |
| | 0 | | 0 |
| Total | 976 131 | 1 038 707 | 2 014 838 |

7.4 Exports by item in List I

Figure 7.3 shows exports of defence materiel in 2004 split according to the appropriate items in List I. In 2004, components, parts, subsystems and auxiliary equipment accounted for 54 per cent of exports in 2004, 23 per cent was electronic equipment not included in item 4, 11 per cent was ammunition and explosives, 4 per cent was fire control equipment, search equipment, handling equipment, etc., 4 per cent was software and 3 per cent was missile systems, bombs, rockets, torpedoes, land and sea mines, hand grenades.



7.5 Export by country and item in List I

Table 7.2 shows the countries that imported defence materiel from Norway in 2004 and which categories of goods were exported. A description of the materiel is also given. The values are given in NOK 1000.

| Item in list | Complete product | | Parts | | Total products and parts | Description |
|------------------|------------------|---------------|---------------|--------------|--------------------------|---|
| | A | B | A | B | | |
| <i>Australia</i> | | | | | | |
| 17.1 | 8 | 207 | | | 215 | Parts for small arms and heavier weapons |
| 2 | 670 | | | | 670 | Anti-tank rockets, training set |
| 17.3 | | | 4 760 | | 4 760 | Missile parts |
| 17.4 | | | 24 976 | 8 827 | 33 803 | Weapon station parts |
| 6 | 50 959 | | | | 50 959 | Anti-tank rockets |
| 7, 17.7 | | 236 | | 16 | 252 | Night vision equipment, parts |
| Total | 51 637 | 443 | 29 736 | 8 843 | 90 659 | |
| <i>Austria</i> | | | | | | |
| 17.1 | 2 | | | | 2 | Parts for small arms |
| 6 | 10 640 | | | | 10 640 | Ammunition |
| 17.7 | | | | 128 | 128 | Range finder and night vision equipment parts |
| Total | 10 642 | 0 | 0 | 128 | 10 770 | |
| <i>Belgium</i> | | | | | | |
| 6 | 96 | | | | 96 | Explosives |
| 7, 17.7 | | 59 646 | | 324 | 59 970 | Crypto equipment, additional units |
| 17.10 | | | 623 | | 623 | Parts for military vehicles |
| 18 | | 370 | | | 370 | Communications software |
| Total | 96 | 60 016 | 623 | 324 | 61 059 | |
| <i>Brazil</i> | | | | | | |

| | | | | | | |
|-----------------------|--------------|---------------|---------------|--------------|---------------|---|
| 6 | 445 | | | | 445 | Explosives |
| Total | 445 | 0 | 0 | 0 | 445 | |
| <i>Canada</i> | | | | | | |
| 17.1 | | | 8 | 60 | 68 | Parts for mil. weapons |
| 17.2 | | | 43 626 | | 43 626 | Weapon station parts |
| 6 | 5 321 | | | | 5 321 | Explosives |
| 7 | | 396 | | | 396 | Communications equipment |
| 17.10 | | | 240 | | 240 | Parts for military vehicles |
| 14 | | 362 | | | 362 | IR camera |
| 16 | 111 | | | | 111 | Training war head |
| Sum | 5 432 | 758 | 43 874 | 60 | 50 124 | |
| <i>Chile</i> | | | | | | |
| 6 | 562 | | | | 562 | Explosives |
| 7, 17.7 | | 5 888 | | 2 592 | 8 480 | Night vision equipment, parts |
| Total | 562 | 5 888 | | 2 592 | 9 042 | |
| <i>Croatia</i> | | | | | | |
| 7, 17.7 | | 6 903 | | 415 | 7 318 | Communications equipment, parts |
| Total | 0 | 6 903 | 0 | 415 | 7 318 | |
| <i>Cyprus</i> | | | | | | |
| 7, 17.7 | | 47 255 | | 108 | 47 363 | Night vision equipment, parts |
| Total | 0 | 47 255 | 0 | 108 | 47 363 | |
| <i>Czech Republic</i> | | | | | | |
| 6 | 3 | | | | 3 | Explosives |
| 7, 17.7 | | 3 543 | | 29 | 3 572 | Crypto equipment, night vision equipment, parts |
| Total | 3 | 3 543 | 0 | 29 | 3 575 | |

| | | | | | | |
|----------------|--------------|--------------|--------------|--------------|---------------|--|
| <i>Denmark</i> | | | | | | |
| 1, 17.1 | 47 | | 49 | | 96 | Pistols, rifles, parts for mil-weapons |
| 6 | 4 328 | | | | 4 328 | Explosives, ammunition |
| 7, 17.7 | | 4 338 | | 36 | 4 374 | Crypto equipment, range finder parts |
| 17.8 | | | | 612 | 612 | Submarine battery parts |
| 17.10 | | | 1 016 | 146 | 1 162 | Parts for military vehicles |
| Total | 4 375 | 4 338 | 1 065 | 794 | 10 572 | |
| | | | | | | |
| <i>Ecuador</i> | | | | | | |
| 17.7 | | | | 48 | 48 | Range finder parts |
| Total | 0 | 0 | 0 | 48 | 48 | |
| | | | | | | |
| <i>Egypt</i> | | | | | | |
| 7 | | 290 | | 1 342 | 1 632 | Communications equipment, parts |
| Total | 0 | 290 | 0 | 1 342 | 1 632 | |
| | | | | | | |
| <i>Finland</i> | | | | | | |
| 1 | 14 | | | | 14 | Rifles, pistols |
| 6 | 7 273 | | | | 7 273 | Explosives, ammunition |
| 7, 17.7 | | 844 | | 1 812 | 2 656 | Range finders, night vision equipment, parts |
| 17.10 | | | | 342 | 342 | Vehicle parts |
| Total | 7 287 | 844 | 0 | 2 154 | 10 285 | |
| | | | | | | |
| <i>France</i> | | | | | | |
| 17.1 | | | 25 | | 25 | Parts for small arms |
| 17.3 | | | 3 430 | 74 | 3 504 | Rocket engines and other missile parts |
| 17.5 | | | | 735 | 735 | Parts for chemical gas detection equipment |
| 6 | 8 981 | | | | 8 981 | Explosives |
| 7, 17.7 | | 8 933 | | 3 725 | 12 658 | Communications and night |

| | | | | | | |
|------------------|----------------|---------------|---------------|---------------|----------------|--|
| | | | | | | vision equipment, parts |
| 18 | | 69 | | | 69 | Software for communications systems |
| 19 | 8 | 26 | | | 34 | Materials for explosives |
| Total | 8 989 | 9 028 | 3 455 | 4 534 | 26 006 | |
| <i>Germany</i> | | | | | | |
| 1, 17.1 | 428 | | 221 | 2 098 | 2 747 | Rifles, pistols, parts |
| 17.2 | | | 535 | | 535 | Parts for weapon stations |
| 17.3 | | | | 165 | 165 | Missile parts |
| 4, 17.4 | 61 818 | | | 17 158 | 78 976 | Fire detection systems, parts |
| 6 | 11 903 | | | | 11 903 | Explosives, ammunition |
| 7, 17.7 | | 29 105 | | 1 969 | 31 074 | Communications, crypto and night vision equipment, parts |
| 17.10 | | | 101 | 84 | 185 | Parts for military and track vehicles |
| 11 | | 38 | | | 38 | Helmets |
| 18 | 61 103 | 146 | | | 61 249 | Software for fire detection systems and communications |
| Total | 135 252 | 29 289 | 857 | 21 474 | 186 872 | |
| <i>Greece</i> | | | | | | |
| 17.3 | | | | 5 903 | 5 903 | Missile system parts |
| 4, 17.4 | 14 456 | | 16 208 | 246 | 30 910 | Fire detection equipment, parts |
| 6, 17.6 | 25 | | 2 617 | | 2 642 | Explosives, ammunition parts |
| 17.7 | | | | 2 404 | 2 404 | Night vision equipment parts |
| 17.9 | | | | 6 213 | 6 213 | Fighter aircraft parts |
| 17.10 | | | 201 | | 201 | Parts for military vehicles |
| Total | 14 481 | 0 | 19 026 | 14 766 | 48 273 | |
| <i>Greenland</i> | | | | | | |
| 6 | 73 | 750 | | | 823 | Smokeless ammunition, whaling grenades |
| Total | 73 | 750 | 0 | 0 | 823 | |

| | | | | | | |
|----------------|------------|---------------|-----------|------------|---------------|---|
| | | | | | | |
| Hong Kong | | | | | | |
| 17.7 | | | | 2 | 2 | Night vision equipment parts |
| Total | 0 | 0 | 0 | 2 | 2 | |
| | | | | | | |
| <i>Hungary</i> | | | | | | |
| 6 | 944 | | | | 944 | Explosives |
| 7 | | 77 496 | | | 77 496 | Communications and crypto equipment |
| Total | 944 | 77 496 | 0 | 0 | 78 440 | |
| | | | | | | |
| <i>Iceland</i> | | | | | | |
| 6 | 202 | | | | 202 | Explosives, whaling grenades |
| Total | 202 | 0 | 0 | 0 | 202 | |
| | | | | | | |
| <i>Ireland</i> | | | | | | |
| 7, 17.7 | | 3 096 | | 74 | 3 170 | Night vision equipment, parts |
| 18 | | 2 375 | | | 2 375 | Software for communications equipment |
| 19 | | 535 | | | 535 | Test equipment for night vision equipment |
| Total | 0 | 6 006 | 0 | 74 | 6 080 | |
| | | | | | | |
| <i>Italy</i> | | | | | | |
| 17.2 | | | 39 | | 39 | Parts for artillery |
| 6 | 941 | | | | 941 | Explosives |
| 17.7 | | | | 35 | 35 | Night vision equipment parts |
| 17.10 | | | | 84 | 84 | Parts for track vehicles |
| 18 | | 1 850 | | | 1 850 | Communications systems software |
| Total | 941 | 1 850 | 39 | 119 | 2 949 | |
| | | | | | | |
| <i>Japan</i> | | | | | | |
| 6 | 607 | | | | 607 | Ammunition |

| | | | | | | |
|------------------------|--------------|---------------|------------|--------------|---------------|-------------------------------------|
| 7, 17.7 | | 90 | | 886 | 976 | Laser alarms, parts |
| Total | 607 | 90 | 0 | 886 | 1 583 | |
| <i>Kuwait</i> | | | | | | |
| 17.1 | | | | 1 534 | 1 534 | Tripod parts for small arms |
| Total | 0 | 0 | 0 | 1 534 | 1 534 | |
| <i>Latvia</i> | | | | | | |
| 1, 17 | 791 | | 344 | | 1 135 | Parts for small arms |
| 2 | 227 | | | | 227 | Small arms |
| 6 | 59 | | | | 59 | Ammunition |
| 7 | | 1 444 | | | 1 444 | Crypto equipment |
| 10 | | 16 428 | | | 16 428 | Vehicles |
| Total | 1 077 | 17 872 | 344 | 0 | 19 293 | |
| <i>Lithuania</i> | | | | | | |
| 7 | | 9 | | | 9 | Crypto equipment |
| Total | 0 | 9 | 0 | 0 | 9 | |
| <i>Luxembourg</i> | | | | | | |
| 17.1 | | 37 | | | 37 | Rifle parts |
| 17.3 | | | 118 | | 118 | Missile parts |
| 7, 17.7 | | 1 008 | | 12 | 1 020 | Crypto equipment, radar parts |
| Sum | 0 | 1 045 | 118 | 12 | 1 175 | |
| <i>Macedonia</i> | | | | | | |
| 7 | | 1 662 | | | 1 662 | Communications equipment |
| Total | 0 | 1 662 | 0 | 0 | 1 662 | |
| <i>The Netherlands</i> | | | | | | |
| 17.1 | 1 | | | 202 | 203 | Small arms parts, parts for tripods |

| | | | | | | |
|--------------------|---------------|---------------|--------------|------------|---------------|---|
| 2, 17.2 | 675 | | 15 | | 690 | Mortars, parts |
| 6 | 12 | | | | 12 | Explosives |
| 7, 17.7 | | 11 183 | 22 | 258 | 11 463 | Crypto equipment, military vehicle and crypto parts |
| 17.10 | | | 217 | 285 | 502 | Military and track vehicle parts |
| Total | 688 | 11 183 | 254 | 745 | 12 870 | |
| <i>New Zealand</i> | | | | | | |
| 17.2 | | | 31 | | 31 | Parts for anti-tank weapons |
| 6, 17.6 | 3 256 | | 20 | | 3 276 | Anti-tank ammunition, parts |
| Total | 3 256 | 0 | 51 | 0 | 3 307 | |
| <i>Oman</i> | | | | | | |
| 7 | | 40 202 | | | 40 202 | Communications equipment |
| Total | 0 | 40 202 | 0 | 0 | 40 202 | |
| <i>Poland</i> | | | | | | |
| 17.3 | | | 141 | 50 | 191 | Rocket engine components |
| 6 | 10 640 | | 2 164 | | 12 804 | Ammunition, parts, explosives |
| 7 | | 8 157 | | | 8 157 | Night vision equipment, crypto equipment |
| Total | 10 640 | 8 157 | 2 305 | 50 | 21 152 | |
| <i>Portugal</i> | | | | | | |
| 7 | | 60 | | | 60 | Crypto equipment |
| 17.9 | | | | 224 | 224 | Equipment for fighter aircraft |
| 18 | | 536 | | | 536 | Crypto software |
| Total | 0 | 596 | 0 | 224 | 820 | |
| <i>Romania</i> | | | | | | |
| 7 | | 1 339 | | | 1 339 | Crypto equipment |
| Total | 0 | 1 339 | 0 | 0 | 1 339 | |

| | | | | | | |
|------------------------------|------------|----------------|----------|--------------|----------------|--|
| | | | | | | |
| <i>Saudi-Arabia</i> | | | | | | |
| 7, 17.7 | | 124 521 | | 9 350 | 133 871 | Communications equipment, parts |
| Total | 0 | 124 521 | 0 | 9 350 | 133 871 | |
| <i>Serbia and Montenegro</i> | | | | | | |
| 6 | 902 | | | | 902 | Explosives |
| 17.7 | | | | 364 | 364 | Circuit cards for communications systems |
| Total | 902 | 0 | 0 | 364 | 1 266 | |
| <i>Singapore</i> | | | | | | |
| 17.1 | | | | 226 | 226 | Vision sights |
| 6 | | 16 320 | | | 16 320 | Blank cartridges |
| 17.7 | | | | 1 308 | 1 308 | Computer components |
| Total | 0 | 16 320 | 0 | 1 534 | 17 854 | |
| <i>Slovakia</i> | | | | | | |
| 7 | | 6 932 | | | 6 932 | Night vision equipment, communications equipment |
| Total | 0 | 6 932 | 0 | 0 | 6 932 | |
| <i>Slovenia</i> | | | | | | |
| 7, 17.7 | | 67 | | 67 | 134 | Night vision equipment, parts |
| Total | 0 | 67 | 0 | 67 | 134 | |
| <i>South Africa</i> | | | | | | |
| 6 | 902 | | | | 902 | Explosives |
| 17.7 | | | | 364 | 364 | Circuit cards for communications systems |
| Total | 902 | 0 | 0 | 364 | 1 266 | |
| <i>South Korea</i> | | | | | | |

| | | | | | | |
|---------------|---------------|---------------|---------------|---------------|----------------|---|
| 6 | 63 | | | | 63 | Explosives |
| Total | 63 | 0 | 0 | 0 | 63 | |
| <i>Spain</i> | | | | | | |
| 4, 17.4 | | 4 000 | 9 307 | 1 159 | 14 466 | Mine clearance equipment, air defence parts |
| 6, 17.6 | 1 260 | | 6 254 | | 7 514 | Explosives, projectiles |
| 7, 17.7 | | 1 360 | | 45 | 1 405 | Crypto and night vision equipment, parts |
| 17.8 | | | | 5 420 | 5 420 | Vehicle parts |
| 17.10 | | | | 1 534 | 1 534 | Track vehicle parts |
| 19 | 9 | | | | 9 | Ammunition materials |
| Total | 1 269 | 5 360 | 15 561 | 8 158 | 30 348 | |
| <i>Sweden</i> | | | | | | |
| 1, 17.1 | 100 | | 79 | 1 024 | 1 203 | Rifles, pistols, parts |
| 17.2 | | | 6 | | 6 | Artillery parts |
| 3 | 30 | | 3 887 | 4 360 | 8 277 | Missiles, parts |
| 17.5 | | | | 102 | 102 | Components for chemical gas detection |
| 6 | 9 855 | | 11 351 | | 21 206 | Ammunition, parts, explosives |
| 7 | | 10 358 | | | 10 358 | Communications and crypto equipment, range finders |
| 17.7 | | | 3 238 | 32 698 | 35 936 | Various electronic parts |
| 17.8 | | | | 16 800 | 16 800 | Battery cells for submarines |
| 17.9 | | | | 30 336 | 30 336 | Parts for fighter aircraft and for aircraft engines |
| 17.10 | | | 2 | 14 175 | 14 177 | Military vehicle parts |
| 17.16 | | | | 76 | 76 | Simulator parts |
| 18 | 3 245 | | | | 3 245 | Software for missiles |
| 19 | | 257 | | | 257 | Materials for explosives |
| 20 | | 1 526 | | | 1 526 | Preliminary study report on weapons system |
| Total | 13 230 | 12 141 | 18 563 | 99 571 | 143 505 | |

| | | | | | | |
|-----------------------------|---------------|--------------|-----------|--------------|---------------|--|
| | | | | | | |
| <i>Switzerland</i> | | | | | | |
| 1 | 80 | | | | 80 | Rifles |
| 17.2 | | | 99 | | 99 | Parts for artillery |
| 6 | 9 378 | | | | 9 378 | Explosives |
| 7, 17.7 | | 459 | | 34 | 493 | Night vision equipment, parts |
| 17.10 | | | | 3 091 | 3 091 | Military vehicle parts |
| 19 | 4 | | | | 4 | Materials for explosives |
| Total | 9 462 | 459 | 99 | 3 125 | 13 145 | |
| <i>Thailand</i> | | | | | | |
| 6 | 4 221 | | | | 4 221 | Anti-tank rockets |
| 17.10 | | | | 383 | 383 | Tracks for mil. vehicles |
| 16 | 3 160 | | | | 3 160 | Training rockets |
| Total | 7 381 | 0 | 0 | 383 | 7 764 | |
| <i>Turkey</i> | | | | | | |
| 1 | 10 | | | | 10 | Pistols |
| 3, 17.3 | 53 521 | | | 127 | 53 648 | Missiles, parts |
| Total | 53 531 | 0 | 0 | 127 | 53 658 | |
| <i>United Arab Emirates</i> | | | | | | |
| 7,17.7 | | 1 330 | | 800 | 2 130 | Communications equipment, parts |
| Total | 0 | 1 330 | 0 | 800 | 2 130 | |
| <i>UK</i> | | | | | | |
| 17.1 | | | | 17 | 17 | Tripods for small arms |
| 17.3 | | | 2 682 | 5 604 | 8 286 | Missile parts |
| 4 | 2 448 | | | | 2 448 | Mine-laying equipment |
| 6, 17.6 | 26 700 | | 143 | | 26 843 | Explosives, ammunition, parts |
| 7, 17.7 | | 7 165 | | 1 950 | 9 115 | Range finders, night vision equipment, etc., parts |

| | | | | | | |
|--------------|---------------|---------------|----------------|----------------|----------------|---|
| 17.9 | | | 49 834 | 3 451 | 53 285 | Fighter aircraft parts |
| 17.10 | | | | 889 | 889 | Recovery vehicle parts |
| Total | 29 148 | 7 165 | 52 659 | 11 911 | 100 883 | |
| <i>US</i> | | | | | | |
| 17.1 | | | 281 | 3 543 | 3 824 | Rifle barrels, tripod parts |
| 2, 17.2 | 38 | | 105 636 | 22 448 | 128 122 | Training rockets, weapon stations, parts |
| 17.3 | | | 10 327 | 3 531 | 13 858 | Missile parts |
| 4, 17.4 | | 2 692 | 187 819 | 21 027 | 211 538 | Mine-sweeping equipment, parts for fire-detecting systems |
| 6 | 31 147 | | 79 639 | | 110 786 | Explosives, ammunition, parts |
| 7, 17.7 | | 69 | | 3 132 | 3 201 | Range finders, parts |
| 17.8 | | | | 24 185 | 24 185 | Electronic components for ships |
| 17.9 | | | | 181 136 | 181 136 | Aircraft engine parts |
| 17.10 | | | | 50 274 | 50 274 | Vehicle parts |
| 18 | | 15 906 | | | 15 906 | Software for warning systems |
| 19 | | 2 792 | | | 2 792 | Materials for explosives |
| Total | 31 185 | 21 459 | 383 702 | 309 276 | 745 622 | |

7.6 Services to clients in other countries

Table 7.3 Shows the services relating to List I goods carried out by Norwegian companies for clients in other countries in 2004. The value of these services is given in NOK 1000.

| Country | Service | Amount |
|-----------|--|---------|
| Australia | Development of alert system | 3 109 |
| | Maintenance of training system | 981 |
| Denmark | Test of ammunition | 447 |
| Finland | Construction of naval vessel | 2 534 |
| France | Development in connection with missiles | 4 086 |
| Germany | Development of rocket engine | 21 025 |
| | Test of anti-tank defence | 356 |
| | Development of artillery ammunition | 1 566 |
| | Ballistics calculations | 69 |
| | Services in connection with anti-submarine defence | 4 292 |
| Ireland | Training in use of night equipment | 69 |
| Italy | Development in connection with missile communication | 4 086 |
| Latvia | Crypto-operator course | 479 |
| Sweden | Maintenance of simulator equipment | 586 |
| | Development of ammunition | 2 468 |
| | Up-grade of electronic equipment | 10 536 |
| UK | Development of ammunition | 2 689 |
| | Development of radar | 5 330 |
| US | Development in connection with marine vessel | 2 485 |
| | Development of rocket ammunition | 121 710 |
| | Development of ammunition | 12 625 |
| | Development of anti-tank rocket | 4 353 |
| | Development of alert system | 6 713 |
| | Ammunition test | 3 230 |
| | Development in connection with fighter aircraft | 1 199 |
| | Upgrade of air defence system | 17 164 |

| | | |
|--------------|------------------------------------|----------------|
| | Upgrade of alert system | 5 708 |
| | Test of command and control system | 14 973 |
| Total | | 251 868 |

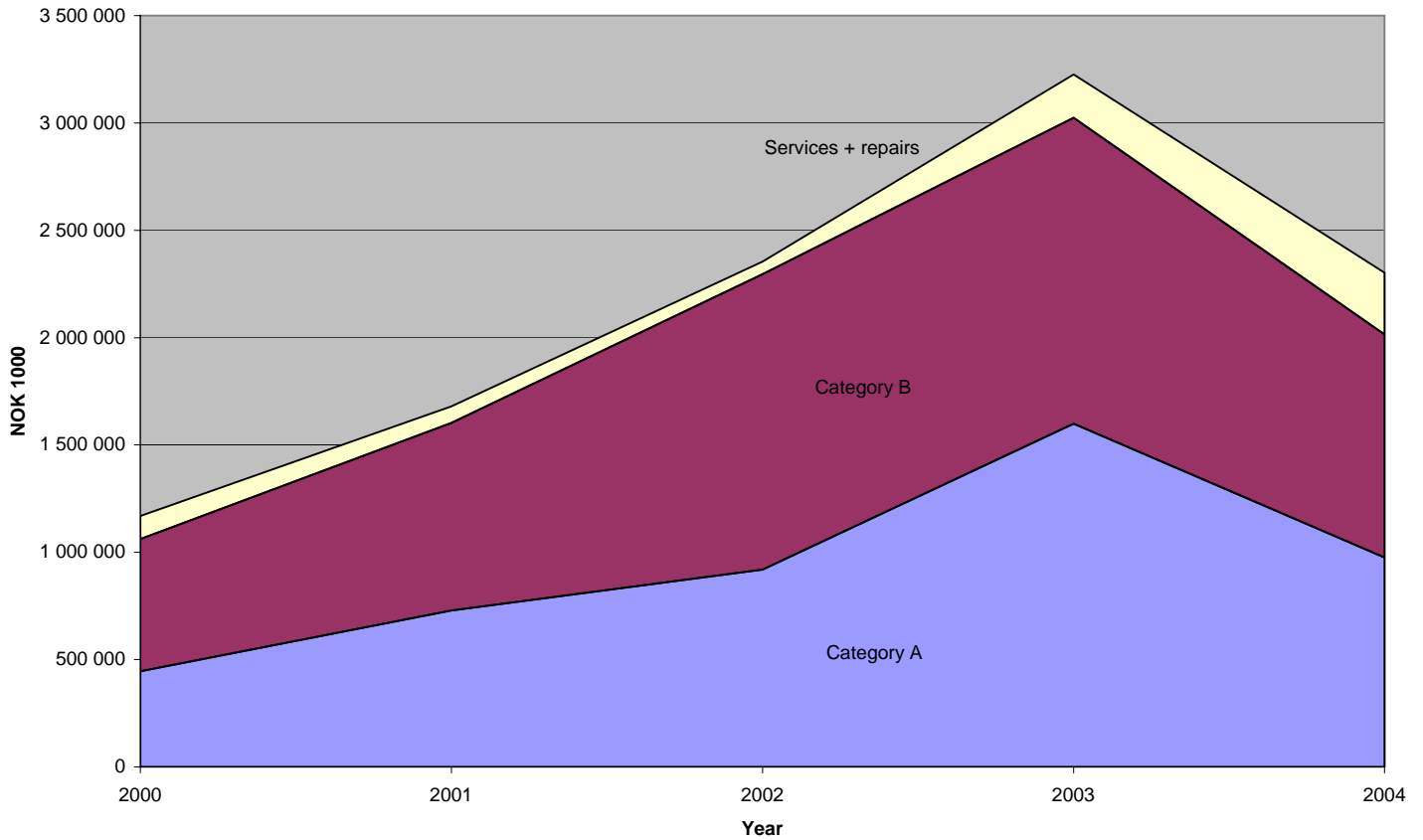
7.7 Repairs carried out in Norway for foreign clients

Table 7.4 shows repairs relating to materiel in List I that were carried out in Norway for foreign clients in 2004. The value of the repairs is given in NOK 1000.

| Country | Value of repairs | Type of goods |
|----------------|-------------------------|--------------------------------|
| Cyprus | 716 | Range finders, night equipment |
| Germany | 15 330 | Weapon stations |
| Greece | 1 066 | Missiles |
| Italy | 346 | Night vision equipment |
| Slovenia | 144 | Communications equipment |
| Sweden | 330 | Communications equipment |
| UK | 8 176 | Range finders, missiles |
| US | 9 214 | Missiles, weapon stations |
| Others | 96 | Miscellaneous |
| Total | 35 418 | |

7.8 Overview of exports in the period 1999-2004.

Figure 7.4 shows exports of defence materiel split into Category A and B materiel, and services and repairs carried out for foreign clients on List I goods, for the period 1999-2004.



7.9 Applications for exports of defence materiel refused in 2004

In 2004, 14 applications for export licences for defence materiel and equipment for military use were turned down. The refused applications were for exports to Algeria, China, Colombia, India, Iran, Kazakhstan, Lebanon, Macedonia, Morocco, Moldova, Pakistan, Sri Lanka, Taiwan and Turkmenistan.

The refusal of an application for an export licence does not entail a general prohibition against export of defence materiel to the country in question. With the exception of the implementation of mandatory embargo decisions adopted by the UN Security Council, the Norwegian export control system does not make use of lists of countries that may or may not import defence materiel from Norway. All applications for export licence are considered on an individual basis.

7.10 Negotiating sales and transferring production rights

In 2004, 11 licences were issued for transferring production rights to another country, and one licence was issued for negotiating¹¹ sales of defence materiel from one third country to another.

The 11 licences for transferring production rights were issued in connection with the participation of Norwegian companies in international co-operation on the development of defence materiel. In 2004, the invoiced value of these activities was reported as NOK 6 347 000.

The value of negotiating sales and transferring production rights is not included in the figures for the export of defence materiel in this report.

7.11 Overview of companies that reported exports in 2004

| |
|---------------------------------|
| Alvis Moelv AS |
| AME A/S |
| ARC AS |
| Arma Agora AS |
| Bakelittfabrikken a/s |
| Bandak AS |
| Bertel O. Steen AS |
| Dyno Nobel ASA Defence products |

¹¹ The licence was not used in 2004

| |
|---|
| Eltek Energy AS |
| Ericsson AS, Halden Department |
| Erik Nyhuus Våpenforretning |
| Exide Sønnak AS |
| Flextronics International Norway AS |
| FLO/ HA (the Norwegian Defence Logistics Organisation /Main arsenal) |
| FLO/FAP (the Norwegian Defence Logistics Organisation /Surplus Material Management Programme) |
| Henriksen, H. mek. verksted A/S |
| Intersport Bogstadveien AS |
| Jaktdepotet AS |
| Jotron Electronics as |
| Karotek Systemer AS |
| Kitron Arendal AS |
| Kitron Kongsberg AS |
| Kongsberg Defence & Aerospace AS |
| Kongsberg Defence Communications AS |
| Kongsberg Maritime AS |
| Kongsberg Protech AS |
| Kongsberg Small Arms AS |
| Krico Norway AS |
| Kværner Eureka AS, Defence Department |
| Landrø, Magne A/S |
| Larsen Biathlon, Kjell G. |
| Leif Kindseth AS |
| Nammo Raufoss AS |
| Natech AS |
| Nera Networks AS |
| Norma A/S |
| Norplasta as |
| Per Mathisen |
| ProPartner AS |
| Safety & Security Service A/S |

| |
|--------------------------|
| Sandnes Arms DA |
| Simrad Optronics ASA |
| Texplo AS |
| Thales Communications AS |
| Thales Norway AS |
| Trelleborg Viking AS |
| Umoe Mandal AS |
| Vinghøg AS |
| Volvo Aero Noreg AS |
| Våpenhuset AS |
| Våpensmia AS |

The Ministry of Foreign Affairs

r e c o m m e n d s:

that the recommendation from the Ministry of Foreign Affairs of 27 May 2005 on the export of defence materiel from Norway in 2004, export control and international non-proliferation co-operation be submitted to the Storting.