

Government Communication

2003/04:114

Strategic export controls in 2003 –
military equipment and dual-use goods

The Government hereby presents this Communication to Parliament.

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Brief summary of the Communication

In this Communication the Swedish Government reports on Sweden's export control policy with respect to military equipment and dual-use goods in 2003. The Communication also contains a presentation of actual exports of military equipment in 2003 and describes the ongoing cooperation in the EU and other international forums on matters relating to military equipment and dual-use goods.

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Part I – Introduction

1 Presentation of the Government Communication

Every year since 1985 the Government has reported on Swedish export control policy in an annual Communication to Parliament. Its purpose is to report openly on the past year's activities in the field of export control policy and to provide material for a broader discussion on matters related to export controls and non-proliferation. The Government constantly seeks to improve and make the information that is presented to Parliament more transparent.

The subject matter has been grouped somewhat differently in this year's Communication compared with previous years in order to reflect the approach to export control policy that determines the Government's efforts in this area. The new arrangement is explained in greater detail in the next section.

Apart from this introductory presentation and a description of the direction of export control policy, Part I of the Communication contains a summary of the conduct of export control policy in 2003 and a description of information activities carried out within this area.

Part II deals with the relevant regulatory framework and national application of these rules.

Part III deals with international cooperation, in particular in the EU and the UN. There is also a report on the year's international efforts in areas such as anti-corruption measures and intangible transfers.

The main text of the Communication is followed by a number of annexes containing detailed information and statistics on dual-use goods in 2003, as well as relevant documents such as the Swedish guidelines on exports of military equipment and the European Code of Conduct on Arms Exports.

As a result of consultations with various stakeholders, new information has been included in the Communication in order to further increase the transparency of export control policy. One example of information that is included this year is a report on government exports of military equipment ('state-to-state transactions'). Information is also provided for the first time about equipment loaned out for military use. A percentage breakdown of exports into follow-on deliveries and new deliveries is also presented for some countries. Apart from this, texts have been rearranged in order to provide a more accurate picture of the data, e.g. the list of the largest Swedish exporters of military equipment. Finally, there is an annex with explanations of recurrent technical terms.

2 The role of export controls in efforts to promote non-proliferation

The basic instruments used in international cooperation on promotion of international peace and security consist of a series of multilateral agreements on disarmament and non-proliferation of weapons of mass destruction. However, all states have not acceded to these agreements, and in some cases states have not fulfilled the undertakings they have made. Furthermore, there is a lack of transparency in some states. The credibility of the multilateral arms control agreements has therefore been questioned in some quarters.

At the same time, terrorism, including the risk of these weapons being used, has also become an ever growing threat to global security.

Uncontrolled flows of conventional weapons also represent a threat to peace and security. The UN estimates that more than 500,000 people die every year as a result of weapons-related violence and armed conflict. Most of them fall victim to small arms and light weapons. The Ottawa Convention on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines, the UN Programme of Action on Small Arms and Light Weapons, the OSCE document on small arms and light weapons and the European Code of Conduct on Arms Exports are central instruments in the efforts to address this problem.

Multilateral agreements and instruments are important results of the international community's efforts towards disarmament and prevention of the proliferation of weapons of mass destruction and uncontrolled flows of other weapons. However, there is also a need for strict and effective export controls in order to achieve the declared objectives. Export controls are therefore a key instrument for governments when it comes to meeting their international obligations with respect to non-proliferation.

The export controls themselves are always implemented at the national level. However, a major coordinating exercise is in progress in the multilateral export control regimes and the EU. Efforts to effectively prevent proliferation must be pursued at various levels and in various international forums. Sweden therefore takes an active part in the regimes and the EU in order to further strengthen export controls as an instrument to combat both proliferation and uncontrolled flows of conventional weapons. It should be mentioned in this connection that the EU is regarded as a domestic market for most dual-use goods. Goods and services traded between EU member states are not exports, but goods and services sold to non-EU countries are. This means that the EU's member states, which after the accession of the candidate countries will number 25, are dependent on one another's export control systems. Effective Swedish export controls may be of little use if export controls in another EU state are ineffective.

3 Summary of export control policy in 2003: military equipment and dual-use goods

Military equipment

For a country like Sweden, which does not participate in military alliances, it is a major security and a defence policy interest to maintain its capability and its development and production capacity in the defence industry sector. It is also in our security interests to collaborate with other countries on equipment supplies. Some exports are necessary in order to meet Swedish defence needs in the long term. Controls of these exports are necessary in order to ensure that the products exported from Sweden go to pre-approved countries, regimes and entities. Exports of military equipment are thus only permitted if they are justified for security or defence reasons and do not conflict with Sweden's foreign policy.

Details of Sweden's exports of military equipment are presented in the annexes. Figures for recent years are also included in order to put the statistics in context. Sweden is not a major exporter of military equipment and therefore individual sales of large systems cause considerable fluctuations in the annual statistics. To identify a long-term trend it is therefore necessary to compare the statistics for a particular year with those for previous years.

The information in the annual report is based on the reports that manufacturers of military equipment are required to submit by law. The National Inspectorate of Strategic Products (ISP) has collated the reports and submitted documentation for the statistical data on exports of military equipment that are presented in this Communication.

The value of the Swedish defence industry's invoiced sales of military equipment (both in Sweden and abroad) in 2003 totalled MSEK 114,116, which represents an increase of 53% on 2002. The value of actual export deliveries in 2003 was MSEK 9,479, an increase of 88% at current prices compared with the previous year. Exports thus accounted for about 67% of the defence industry's total invoiced sales of military equipment during the year. The figure for exports of military equipment as a percentage of Sweden's total exports increased during 2003 from 0.44% to 0.79%.

The value of the exports for which licences were granted in 2003 amounted to MSEK 9,021, an increase of 53% on 2002. The value for 2003 was above the average for the last ten years, with the exception of 2001, when licences were granted for two exceptionally large deals.

As can be seen from the diagram in Annex 1, figure 1, the value of licensed exports has varied considerably from one year to the next while there has been much less variation in the value of actual exports. This is because deliveries related to a single export licence are often spread over two or more years.

Dual-use goods

The second main purpose of export controls is to prevent the proliferation of products that are manufactured for civilian use but can also be used to produce weapons of mass destruction and military equipment. Effective export controls are necessary to prevent exports that might have a destabilizing effect in other countries. The fight against terrorism has sharpened the focus on export controls and given rise to

explicit demands for restrictions with respect to both dual-use goods and military equipment.

There is a significant risk of proliferation of weapons of mass destruction. Cooperation on export controls of dual-use goods takes place mainly through a number of international bodies – multilateral export control regimes. There is continuous discussion within these regimes of which products and technologies should be controlled and which states may be sensitive from the point of view of non-proliferation. These efforts have, in addition, focused increasingly on preventing terrorists from gaining access to sensitive products that could be used for the production of weapons of mass destruction. The threat of terrorism and the increasing globalization of the world economy have demonstrated the need for deeper cooperation on export controls across national boundaries, even though implementation of the controls is mainly governed by our national legislation.

2003 was a year of intense activity for the export control regimes.¹ One of them, the Wassenaar Arrangement, carried out a major review of its activities. The EU played an increasingly large role in the regimes in 2003. Among other things, the EU adopted basic principles for a strategy and action plan against the proliferation of weapons of mass destruction at the Thessaloniki summit in June. This was the result of a Swedish initiative during the spring. The European Council in December adopted a refined and more detailed strategy. Export controls are a key element of the EU strategy.

Another issue that dominated efforts in this area in 2003 was the upcoming enlargement of the EU and the importance of ensuring that the acceding states can participate fully in the international export control system as a whole. This issue is expected to be one of the most important issues in the EU in 2004.

4 Information activities

Information activities relating to the trade in military equipment are undertaken at both national and international level. The Government's annual report on Swedish exports of military equipment is published in the context of its transparency efforts. The annual report is published in Swedish and English and is available on the websites www.ud.se and www.regeringen.se, as well as Rixlex (www.riksdagen.se).

The annual report that is issued within the framework of the EU Code of Conduct for Arms Exports is an important instrument for increasing transparency at the European level. Sweden has called for continuous improvement and expansion of this report. The Code of Conduct will be found in Annex 4 to this Communication and is also available at www.isp.se. As a further measure to promote information access in this area internationally the Government has, since the 1960s, provided funding for the Stockholm International Peace Research Institute's

¹ The Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Wassenaar Arrangement (WA) and the Missile Technology Control Regime (MTCR).

(SIPRI's) statistics and information activities. Among other things, these activities have resulted in an Internet database managed by SIPRI (www.sipri.se), which contains information on national and international export control regimes and some statistics on holdings and exports.

The Government intends to maintain a continuous dialogue with interest organizations that work in the field of export control policy. A seminar was arranged in this connection in December 2003, to which the responsible minister invited a number of interest organizations for talks on the Government's view of the role of export controls in efforts to prevent proliferation. This seminar will be followed up in 2004 with other seminars and workshops.

An important task for the ISP is to disseminate information about export controls, both to the general public and to the companies concerned. In 1998 the ISP published a revised edition of the handbook last published by the former Inspectorate-General of Military Equipment in 1993. The handbook is chiefly intended for the defence industry and government agencies that deal with the production and exports of military equipment. It describes current legislation, the regulatory framework and the application processing procedure. A similar handbook concerning strategic products was published for the first time in 1998. As usual, the ISP arranged seminars and information meetings in 2003 on its activities primarily for personnel in the industry.

The Agency also took part in a number of seminars arranged by non-governmental organizations (NGOs) both in Sweden and in other countries. In December 2003 the ISP modified its website (www.isp.se) in order to make its content and organization as easy to understand and informative as possible. In order to increase transparency in connection with exports of military equipment, the ISP now presents concise data on the export licences for military equipment that are granted on a monthly basis. Relevant regulatory documents and lists of both military equipment and dual-use goods are also available on the Inspectorate's website.

Part II – The regulatory framework and national application

5 The Military Equipment Act

The manufacture and exportation of military equipment are governed by the Military Equipment Act (1992:1300) and the corresponding Ordinance (1992:1303). Both these statutory instruments entered into force on 1 January 1993, replacing the Control of the Manufacture of Military Equipment etc. Act (1983:1034), the Prohibition of Exports of

Military Equipment etc. Act (1988:558) and the corresponding ordinances.

The present Act is essentially based on the previous legislation and previous practice. However, it applies a broader definition of military equipment and simplifies, clarifies and updates the provisions relating to the control of manufacturing and cooperation on military equipment with foreign partners.

The Military Equipment Act stipulates that military equipment must not be manufactured without a licence. Licences are also required for all types of defence industry cooperation with foreign partners. The term 'cooperation with foreign partners' covers both export sales and other arrangements for supplying military equipment (for instance transfer of ownership or brokerage). It also includes transfers of manufacturing rights, agreements with a party in another country on development of military equipment or production methods for such equipment together with or on behalf of that party, and agreements on joint manufacture of military equipment. Lastly, licences are required, with certain exceptions, for the provision of military-oriented training.

The Act divides military equipment into two categories: Military Equipment for Combat Purposes (MEC) and Other Military Equipment (OME). The Military Equipment Ordinance contains provisions specifying the types of equipment that are assigned to the two categories. The MEC category consists of destructive equipment, including sights, and firing control equipment. The OME category consists of parts and components for military equipment for combat purposes and equipment that is not directly destructive in a combat situation.

Under the EC Regulation on the control of exports of dual-use goods that entered into force in September 2000, export licences are required in some cases for items that do not fall within the definition of military equipment but are associated with military equipment that is exported. Further information on the new rules in this respect will be found in section 8 of this Communication.

Until 31 January 1996 decisions on export licences were taken by the Government. Licences that did not involve large-scale exports or matters of principle were delegated to the minister responsible for applications for export licences with respect to military equipment. 98% of the total value of licences granted in 1995 were based on non-delegated government decisions. As of 1 February 1996, decisions relating to exports of military equipment are normally taken by the ISP except in cases that are deemed to be of interest from the point of view of principle or of particular importance for other reasons, which are referred to the Government for decisions.

6 Guidelines for exports of military equipment

Under section 1 (2) of the Military Equipment Act (1992:1300) licences may only be granted if the export transaction in question is justified for security or defence reasons and does not conflict with Sweden's foreign policy. The principles applied when examining applications have been

established by government practice and are described in the Government's Guidelines on exports of military equipment and other cooperation arrangements with foreign partners, which have been approved by Parliament (cf. Gov. Bill 1991/92:174, p. 41 ff., Gov. Bill 1995/96:31, p. 23 ff. and Report 1992/93:UU1). The Guidelines are attached to this report as Annex 3.

General criteria and factors to be taken into account

The Guidelines are interpreted on the basis of broad parliamentary support and are applied by the ISP in connection with the processing of applications for export licences under the Military Equipment Act and the Military Equipment Ordinance.

The guidelines contain two general criteria for the granting of licences under the Act, namely that cooperation with foreign partners is considered necessary to meet the Swedish armed forces' need of military equipment or know-how or is otherwise desirable for reasons of national security, and that collaboration does not conflict with the principles and objectives of Swedish foreign policy. These general criteria may be regarded as a clarification of section 1 (2) of the Military Equipment Act.

The guidelines also specify the factors that should be taken into account in connection with the consideration of individual applications. One basic condition is that all the relevant circumstances in a particular case must be considered, whether or not they are explicitly mentioned in the guidelines. These criteria also apply to collaboration with persons or enterprises in other countries on the development or manufacture of military equipment. Sweden is one of the few EU Member States that has enacted legislation that contains provisions relating to arms brokering.

The guidelines emphasize in particular the importance that should be attached, in connection with the assessment of the foreign policy aspects of each application, to the human rights situation in the recipient country. The human rights criterion must always be taken into account, even in cases involving exports of equipment which in itself cannot be used to violate human rights.

Absolute obstacles to exports

The guidelines specify three types of absolute obstacles which, if they exist, are deemed to rule out the possibility of exports. These are: decisions by the UN Security Council, international agreements to which Sweden has acceded (e.g. EU sanctions), and bans imposed under international law on exports from neutral states during war.

Military equipment for combat purposes and other military equipment

The definition of military equipment was extended in 1993 to include some equipment for civilian or partly civilian uses. As a result of this extension of the definition, previously unregulated exports are now

subjected to political scrutiny and appear in the statistics on exports of military equipment. The extension of the definition was accompanied by a division of military equipment into two categories, which are treated slightly differently in the guidelines concerning exports.

In the case of military equipment for combat purposes (MEC) the Government should not grant licences for exports to a state that is involved in an armed conflict with another state or in an international conflict that may lead to an armed conflict, or to a state in which internal armed disturbances occur. However, revocation of a licence may be waived if this is consistent with international law and with the principles and objectives of Swedish foreign policy. Licences should not be granted for exports to a state in which widespread and serious violations of human rights occur.

These conditions are the same as those applied before 1993, except that previously it was only necessary to take violations of human rights into account if the equipment itself could be used to violate human rights. Sweden differs from some other EU Member States in this respect.

In the case of exports of Other Military Equipment (OME), which consists largely of items that were not subject to control prior to 1993 (such as reconnaissance radars and simulators for training purposes), licences should be granted for exports to countries that are not involved in armed conflicts with other states and in which internal armed disturbances and widespread and serious violations of human rights do not occur. The risk of armed conflict is not applied as a criterion in assessments of exports of other military equipment.

Owing to the differences in the guidelines for MEC and OME, a larger number of countries may be considered as potential recipients of OME, i.e. equipment that is non-destructive, than of MEC.

Follow-on deliveries and ‘Swedish identity’

As regards follow-on deliveries, the guidelines state that “licences should be granted for exports of spare parts for equipment exported previously under a licence, unless an absolute obstacle exists. The same applies to other deliveries, for example of ammunition, linked to previous exports of equipment, or otherwise in cases where it would be unreasonable to deny permission”.

With respect to cooperation with foreign partners, exports to third countries should be assessed in accordance with the Swedish guidelines if the identity of the item is predominantly Swedish. If its identity is predominantly foreign, or if Sweden has a strong defence policy interest in cooperation, the export rules of the cooperating country may be applied to exports from that country.

7 Inquiry on a review of the Swedish legislation on military equipment

In July 2003 the Government appointed a special investigator to head a public inquiry into the options for the future Swedish export control system and propose a framework for it. The investigator will report by 15 October 2004. The inquiry will be based on the framework that determines Sweden's foreign, defence and security policy and its international undertakings with respect to export controls.

The investigator is to study the changes that have taken place in international cooperation and developments in the arms and military equipment industry. On the basis of this study he will then examine the instruments that are now used for the purposes of Sweden's export controls. He will review the relevant legislation and guidelines and propose any changes that may be needed. He will pay particular attention to and consider, among other things, the need to:

- further regulate the arrangements for supplies of military equipment;
- regulate imports of military equipment;
- carry out a review of the Government's guidelines;
- regulate activities with respect to services, technical assistance and maintenance in the field of military equipment; and
- amend the criminal provisions in the legislation relating to military equipment.

The investigator is also instructed to evaluate the extent to which the delegation of decisions to the ISP has been successful and the progress made on consultations with the Inspectorate's Export Control Council and to present proposals for the design of the future export control system and its organization.

8 EC Regulation on the control of exports of dual-use goods

Community law

In 2000 the Council of the European Union issued a new Regulation, Council Regulation (EC) No 1334/2000 setting up a Community regime for the control of exports of dual-use goods and technology (OJ No L 159, 30.6.2000, p. 1). The Regulation entered into force on 28 September 2000, replacing Council Regulation (EC) No 3381/94 setting up a Community regime for the control of exports of dual-use goods, which entered into force on 1 July 1995. Unlike the multilateral export control regimes that were described in previous sections, the Regulation is legally binding on Sweden, as well as the other EU member states and the 10 acceding states. Its purpose is as far as possible to establish free movement for controlled items in the internal market while strengthening and harmonizing the various national control systems for exports to third countries.

The Regulation combines the Member States' undertakings within the framework of the multilateral export control regimes with the freest

possible movement of goods in the internal market. Developments in the regimes (the AG, MTCR, NSG, and WA) are taken into account by continuous alterations and updates of the lists of items annexed to the Regulation. The annexes to the new Regulation are adopted within the framework of Community cooperation under the first pillar, which means that they become directly applicable at the national level. The annexes are to be updated on an annual basis.

The Regulation of 2000 introduced several new elements, one of which was a general Community authorization for exports of specific products to certain third countries. The new Community authorization has simplified matters for exporters since one and the same authorization can be referred to regardless of the EU country from which the products are exported. This has also led to a better consensus in the EU on this type of exports. The processing of licence applications is now simpler since the new Regulation also includes common criteria that must be taken into account by the Member States when processing applications.

Swedish legislation

In Sweden, the Control of Dual-use goods and Technical Assistance Act (2000:1064) and the associated Ordinance (2000:1217) complement the Council Regulation at the national level. Both the Act and the Ordinance entered into force on 1 January 2001, replacing the Strategic Products Act (1998:397) and the Strategic Products Ordinance (1998:400).

Unlike the legislation on military equipment, in which export licences represent exemptions from a general prohibition of exports, the reverse applies under the rules for control of dual-use goods. In such cases export licences are granted unless they are prejudicial to foreign or security interests within the meaning of the EC Regulation.

Licences must be obtained for exportation and transfer of dual-use goods, and the granting authority is the ISP. However, in the case of nuclear material and materials etc. listed in Annex 1 to the Council Regulation, licences are granted by the Swedish Nuclear Power Inspectorate.

Like the previous legislation, the Dual-use goods and Technical Assistance Act does not include any provisions concerning the possibility of obtaining advance notification of whether or not an export licence will be granted in the event of exportation of dual-use goods to a specific destination. However, in practice the ISP gives companies advance notifications nonetheless. 43 advance notifications were issued in 2003.

The catch-all clause

Under Article 4 of EC Regulation 1334/2000 and the relevant Swedish legislation, a licence may also be required for exports of items that are not specified in the annexes to the Regulation ('non-listed goods') if the exporter has been informed by the ISP that the item is or may be intended to be used in connection with the production of weapons of mass destruction or missiles that are capable of carrying such weapons. This provision, which allows for controls of non-listed items, is known as

a catch-all clause and has been added to ensure that the aims of the Regulation are not circumvented due to the fact that item lists are seldom exhaustive in view of technological developments.

As regards the first three paragraphs of Article 4 of the Council Regulation, the exporter must be informed by the ISP of the use of the item. However, the exporter is also required under Article 4.4 to inform the competent authority (ISP) if he is aware that an item is intended, in its entirety or in part, for a use referred to in paragraphs 1-3 of the Article. In that case the ISP must decide whether or not an export licence is required.

The catch-all clause also lays down special conditions for licences in certain cases for exports related to military end use or military equipment, or exports of non-listed products which are or may be intended for use in a country that is subject to an embargo imposed by the UN, the EU or the OSCE (Organization for Security and Cooperation in Europe) and for exports of non-listed products which are or may be intended to be used as parts or components for military equipment that has been illegally exported.

The EU's endeavours to introduce catch-all clauses in the different export control regimes are based on this catch-all mechanism.

9 The National Inspectorate of Strategic Products

Background

The National Inspectorate of Strategic Products (ISP) was established on 1 February, 1996 as the authority responsible for implementing the controls laid down in the Military Equipment Act and the corresponding Ordinance. The Inspectorate thus assumed responsibility for most of the matters previously decided by the Government following preparation by the Inspectorate-General of Military Equipment and the department within the Ministry for Foreign Affairs that was responsible for exports of strategic products. The ISP was also assigned responsibility for controls under the Control of Dual-use goods and Technical Assistance Act (2000:1064) and the corresponding Ordinance. In addition, the ISP has been designated the competent national authority within the framework of the UN Chemical Weapons Convention (CWC).

The ISP is thus responsible for matters relating to licences and exports of both military equipment and products with both civil and military uses (dual-use goods). Under section 1a of the Military Equipment Act and section 5 of the Strategic Products Act the Inspectorate is, on its own initiative, to refer matters that are deemed to be of interest from the point of view of principle or of particular importance for other reasons to the Government for a decision. The ISP works in close consultation with the Ministry for Foreign Affairs and the Ministry of Defence.

Contacts with companies

The ISP maintains regular contacts with the companies whose exports are the subject of its control activities. Companies are required to provide the ISP with quarterly reports on their marketing of military equipment in other countries. These reports form the basis for the ISP's periodic briefings with the companies regarding their export activities. Besides processing applications for licences, the ISP reviews the notifications that companies are required to submit at least four weeks before submitting tenders or signing contracts for exports of military equipment or other cooperation with foreign partners in this field. Finally, exporters of military equipment must notify the deliveries of military equipment that are made under the export licences issued to them.

There is also close cooperation between the ISP and companies that manufacture dual-use goods. Among other things, the ISP arranges seminars on an annual basis as an outreach activity for these companies. Since the Control of Exports of Dual-Use Goods Act differs from the Exports of Military Equipment Act, this also affects the arrangements for contacts between the Inspectorate and the companies concerned. It is, for example, not always easy to identify the companies concerned. This is because dual-use goods are more difficult to classify. The control lists that are drawn up pursuant to EC Regulation 1334/2000 provide guidance regarding items for which export licences are required.

Financing

The ISP is financed by annual fees paid by the manufacturing companies. The fees are assessed on the basis of the total invoiced value of controlled products delivered in excess of 2.5 MSEK a year. Since the fees are calculated on the basis of deliveries both in Sweden and abroad, there is no direct connection between the size of the fees and export orders. The fees are paid to the Ministry of Finance and not to the ISP, in order to avoid any direct connection between the Inspectorate's operations and the payments made by the industry. The Inspectorate's current activities are financed by a budget appropriation in the normal way and its costs are covered by annual fees paid by the industry in arrears, when the actual cost of operations and the value of companies' invoiced deliveries is established.

Applications

The ISP received a total of 1,391 applications for export licences in 2003. 321 of these related to dual-use goods. The corresponding figures for 2002 were 1,406 and 279, respectively, and for 2001 the figures were 1,421 and 245, respectively. One explanation for the declining trend is that the Inspectorate increasingly makes use of project licences with more detailed specifications and a longer period of validity. General licences have also been introduced for military equipment belonging to Swedish or foreign armed forces. There is also an increasing trend towards an export licence requirement for exports of dual-use goods.

107 industry declarations were submitted in 2003 by the industry to the ISP within the framework of the Chemical Weapons Convention, compared with 112 in 2001. The corresponding number of industry declarations submitted to the OPCW secretariat in the Hague was 41, compared with 40 in 2002. Industry declarations are statements about the operations carried on at companies or plants that use, import and export certain sensitive chemicals on a professional basis. One Swedish plant was inspected by the OPCW under the verification provisions of the Chemical Weapons Convention in both 2003 and 2002.

The ISP continued its efforts to rationalize licensing procedures during the year in order to simplify the administrative process for routine applications. The Inspectorate's aim is to process applications for export licences within a month of receipt, and eventually within two weeks. The system for secure electronic communication between the ISP and exporters of military equipment that was developed in 2002 come into operation in 2003. Measures were also taken during the year to link this system with the electronic case management system that has already been installed at the Inspectorate. Many of these measures are consistent with the Inspectorate's efforts to work towards achievement of the Government's objective of making it a 24-hour agency.

10 The Export Control Council

Under chapter 10, section 6 of the Instrument of Government the Government must, wherever possible, consult the Advisory Council on Foreign Affairs before taking decisions on important matters relating to foreign affairs. Under this provision, some matters relating to exports of military equipment call for consultation with the Council. However, it has also been considered desirable to achieve a broader political consensus in connection with other matters relating to such exports that are of interest from the point of view of principle. Parliament therefore passed a Bill (1984/85:82) in 1984 that proposed greater transparency and consultation in matters relating to exports of military equipment and the establishment of an Advisory Board on Exports of Military Equipment. The Board was reorganized on 1 February 1996 in connection with the establishment of the National Inspectorate of Strategic Products (ISP), and was renamed the Export Control Council. At the same time its composition was broadened to reflect the broader composition of the Advisory Council on Foreign Affairs today. All the political parties in Parliament are therefore represented on the Export Control Council, which has ten members. An up-to-date list of the members of the Council, as well as the date and agenda of the Council's last meeting, are available on the ISP's website, www.isp.se.

The Council is convened by the head of the ISP, the Inspector-General of Military Equipment, who also chairs the meetings. The Export Control Council is consulted before decisions are taken on important licensing applications. The Ministry for Foreign Affairs participates in the meetings, presenting assessments of the recipient countries under consideration, and the Ministry of Defence contributes assessments of

the defence policy aspects. The Council seeks to interpret the guidelines in order to provide further guidance for the Inspectorate.

The members have unrestricted access to the documentation of all export licence application procedures since all decisions on export sales are presented on a continuous basis. This also ensures that Parliament is kept informed of the application of the Military Equipment Act (1992:1300) and has a say before important decisions are taken. The Inspector-General of Military Equipment can also consult the Council when necessary on matters concerning the application of the Controls of Dual-Use Goods and Technical Assistance Act (2000:1064).

The purpose of the Swedish system, which has no counterpart elsewhere, is to build a broad consensus on export control policy and promote continuity in the conduct of that policy. By contrast with many other countries, the Export Control Council deals with cases at a very early stage, before a transaction is being considered. Since it would harm the export companies if their plans were made known before they had made a deal, the discussions with the Export Control Council are not public. Another reason for this is that these discussions do not lead to decisions, but only recommendations to the ISP. Apart from this, assessments of individual recipient countries are subject to confidentiality in relation to foreign affairs.

The Advisory Council on Foreign Affairs, and not the Export Control Council, is still consulted in cases where this is prescribed by the Instrument of Government.

Seven meetings of the Export Control Council were held in 2003.

11 The Technical and Scientific Council

The Technical and Scientific Council, which consists of representatives of several institutions with expertise in technological applications for both civilian and military uses, was established in 1984 to assist the Inspector-General of the National Inspectorate of Strategic Products in connection with decisions concerning the classification of military equipment. The Council held one meeting in 2003. An up-to-date list of the members of the Council will be found on the ISP's website (www.isp.se).

The field of activities of the Technical and Scientific Council has been extended to include dual-use goods where the need arises.

Part III – International cooperation

12 Cooperation in the EU on export controls of military equipment

The European Code of Conduct on Arms Exports

The European Code of Conduct on Arms Exports (see Annex 4), the present version of which was adopted in 1998, specifies common criteria for exports of military equipment that are to be applied in connection with national assessments of export applications. A list of the products that are subject to controls is appended to the Code. The Code represents a lowest common denominator within the EU in the area of export controls and there is nothing to prevent individual Member States from pursuing a more restrictive policy.

Under the Operative Provisions of the Code, Member States are to exchange notifications of ‘denials’, i.e. normally rejections of applications for export authorization. If another Member State is considering granting a licence for an essentially identical transaction, consultations are to take place before the licence can be granted. The consulting Member State must also notify the notifying state of its decision. The exchanges of notifications of denials and the following consultations on the notifications tend to make the EU’s export policy more uniform. The consultations promote a consensus on the various export destinations, and the fact that the Member States notify each other of the export transactions they deny reduces the risk of export controls being undermined due to the granting of an export licence by another Member State in such cases.

In 2003 Sweden received 278 notifications of denials from 11 Member States and submitted 5 notifications of denials itself². These denials related to the following countries (with the criterion referred to in each case): Russia, Kaliningrad (Criterion 7 – the existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions), Bulgaria (Criterion 7), Jordan (Criterion 7), and Iran in two cases (Criterion 6 – the behaviour of the buyer country with regard to the international community, in particular as regards its attitude to terrorism, and Criterion 7).

The fact that exports to a certain buyer country have been denied in a specific case does not mean that the country is not eligible for Swedish exports. The Swedish export control authority does not apply a system of country lists, i.e. lists of countries that are either approved or not approved as recipients. Each export application is considered on a case-by-case basis in accordance with the guidelines adopted by the Government for exports of military equipment.

The Council Working Group on Conventional Arms Exports (COARM) is a forum in which the fifteen Member States regularly discuss the implementation of the Code of Conduct, exchange views on individual export destinations and draft guidelines on the Member States’ regulatory framework on export controls. Information about this work, about agreements that have been concluded and statistics on the Member States’ exports of military equipment are published in an annual report.

² Due to the ISP’s continuous contacts with the industry, the number of notifications is relatively small.

The fifth annual report under the EU Code of Conduct

The fifth annual report, which was adopted by the Council on 18 November 2002 (OJ C 320, 31.12.2003) shows that significant progress has been made as regards cooperation on the Code of Conduct. This year, as in 2002, all the decisions taken by the COARM Working Party are reported in an annex. The report itself shows that a good deal of significant progress has been made as regards the application of and work on the Code.

In June 2003, after final approval by COARM, the Council adopted a Common Position on controls of arms brokering. This means, inter alia, that the member states have now undertaken to include the licensing of brokering activities in their national rules. A new common military list was also adopted and published.

Improved coherence and transparency, future priorities

A users' guide, which aims to facilitate application of the Code, was produced during the year. Sweden took part in the group that formulated the draft guide.

In accordance with the objective of achieving greater convergence between various policy areas, Sweden also worked actively toward a common approach to interpretation of the criteria in the Code of Conduct. As a first step, Sweden, together with the United Kingdom, sponsored an action relating to application of Criterion 8, which relates to development. Sweden, which is involved in the work on the users' guide, is also a member of the group that is formulating proposals for a method of making assessments in connection with Criterion 8.

An in-depth dialogue with the acceding states also took place during the year, with seminars in Tallinn and Prague, among other places. Contacts were also maintained with several third countries by means of troika meetings.

Here are some of the priorities that were identified for 2004:

- Harmonization of national reports in order to produce clearer, more transparent summary tables;
- Monitoring and evaluation of the implementation of the Common Position on arms brokering;
- Consideration of ways to control electronic transfers of software and technology related to military equipment;
- Continuation of the policy of promoting the principles and criteria of the Code of Conduct among third countries;
- Provision of practical and technical assistance to the acceding states.

Cooperation on defence industry matters

Another EU group in this field is the Working Party on a European Armaments Policy (POLARM), an ad hoc group set up in 1995, whose task is to analyse the alternatives for European defence industry policy and propose future measures within the framework of Community law.

In 2003 the Working Party dealt with subjects such as research and technology, standardization in the defence sector, supply reliability, restructuring of the European defence industry in the light of the prevailing overcapacity and the upcoming EU enlargement, the transiting of military equipment in the EU and *codes of best practices*, on the British model, i.e. guidelines for relations between defence procurement entities and their suppliers, the procurement entities' relations with sub-suppliers and the relationship between contracted suppliers to national defences and their sub-suppliers. In addition, the Working Party discussed the proposed European Armaments Agency and its mandate and the possibility of transferring the Agency at an early stage to the research cell that is associated with the non-EU organizations WEAG/WEAO. Lastly, there was discussion at a number of meetings of the Commission's Communication *Towards an EU Defence Equipment Policy*, which was issued in March 2003.

POLARM's mandate and functions have to do with complex developments in an ongoing European restructuring process that will take many years to complete, and they touch on subjects that often collide with other ongoing European initiatives in both EU and non-EU forums. This is the main reason why the Working Party has achieved so few concrete results and has only very occasionally presented unanimous recommendations to the Council. At the same time, it is generally agreed that the Working Party's broad mandate ensures a valuable forum for discussions and proposals that is unique among Council working groups.

13 The UN Arms Registry and other international reporting on arms transfers

In December 1991 the United Nations General Assembly adopted a resolution urging Member States to report both their imports and exports of major conventional weapons to a Registry of Conventional Arms. Trade in the following seven categories of weapons is reported: tanks, armoured combat vehicles, heavy artillery, combat aircraft, attack helicopters, warships and missiles/missile launchers. In consultation with defence agencies and the ISP, the Ministry for Foreign Affairs compiles annual information which is submitted to the UN in accordance with the above-mentioned resolution.

119 of the UN's 191 Member States had reported on 2002, the 11th year of the UN Registry, by the end of February 2004. Since all the major exporters with the exception of North Korea and all the major importers except some countries in the Middle East report to the Registry, it is estimated that over 90% of the legal world trade in these weapons is covered by the Registry. The Swedish participation in the world trade in the relevant types of heavy weaponry continues to be limited.

In 2002, which is the last year for which information has been submitted, Sweden reported exports of two CV9030 combat vehicles to Finland, 14 CV9030 combat vehicles to Switzerland, six 120 mm mortars to Estonia, six 120 mm mortars to Latvia, six 120 mm mortars to

Lithuania and one Sjöormen (Sea Serpent) submarine to Singapore. Sweden reported no imports in any of the seven arms categories. The report for 2002 will be compiled when the statistics have been prepared during the month of April 2004.

Since 1990 the Government has, in the context of Sweden's efforts to promote greater transparency in this area, presented the United Nations with the English translation of its annual report to Parliament on exports of military equipment. Since the autumn of 1996 the information submitted to the UN Registry has been available on the United Nations website (www.un.org).

The reporting mechanism for military equipment used by the Wassenaar Arrangement (see section 20 in this Communication) is based on the seven categories reported to the UN Registry, although some categories are reported in greater detail by being broken down into subcategories. In 2003 the member states agreed to introduce an eighth category for small arms and light weapons. The process of introducing this category had been in progress for a long time, and it was developed to be broadly consistent with directives that had already been adopted, for example by the OSCE.

The 33 Member States have agreed to report twice yearly in accordance with an agreed procedure and to include further information on a voluntary basis. The purpose of this agreement is to bring destabilizing accumulations of weapons to the notice of the Member States at an early stage. Exports of dual-use goods and technology are also reported to the Wassenaar Arrangement twice a year.

Cooperation with the UN Secretariat and participation in the UN's group of experts

Sweden actively promotes increased reporting to the UN Arms Registry and proposed collaboration with the UN Secretariat in this area back in 2002. One result of the cooperation with the UN Secretariat in 2003 is that Sweden will help to stage regional seminars arranged by the Secretariat with a view to promoting reporting to the Registry. The venues now being considered for seminars are the Horn of Africa, the Gulf region and Southeast Asia. Sweden will in this connection seek to promote strengthened export controls as a tool for anti-proliferation and conflict prevention efforts, in particular as regards small arms and light weapons.

Ever since the UN Registry was set up, groups of experts have studied ways and means of improving its effectiveness at intervals of about three years. Prior to the fourth revision of the Registry in 2003, Sweden, together with 20 other countries, was invited to take part in this group. The group's final report presented recommendations designed to further strengthen the Registry in various ways and increase its importance in general. The group also agreed for the first time to recommend substantial technical changes in two of the seven weapons categories so that they will be more relevant for even more countries. In the heavy artillery category, for example, the reporting limit was reduced from 100

mm to 75 mm and man-portable air defence systems (MANPADS) were added to the missiles/missile launchers category.

14 International arms embargoes

The purpose of an embargo is usually to send an unambiguous political signal to a regime to show it how other countries view events for which the regime is responsible and also to try to influence, and achieve specific objectives with regard to, the country's policies. Generally speaking, this instrument is only used when all other efforts to exert international political pressure have failed. Embargoes should be clearly defined and of a temporary nature. Their purpose is therefore not to permanently regulate exports of military equipment to a particular country.

An arms embargo imposed by the UN Security Council, the EU or the OSCE is an absolute obstacle to Swedish exports under the guidelines on exports of military equipment. The EU's Member States comply fully with such binding decisions on arms embargoes. The Security Council's recommendations on *restrictiveness* are, since they are not binding, considered on a case-by-case basis.

In certain cases, arms embargoes that are stricter than those imposed by the Security Council are agreed upon unanimously within the framework of the Common Foreign and Security Policy. This may be regarded as an expression of the Member States' resolve to adopt common responses to various security policy issues. An arms embargo imposed by the EU is implemented in accordance with each Member State's national export control rules.

Decisions to impose embargoes, to be implemented nationally by member states, are also occasionally taken within the framework of intergovernmental cooperation in the OSCE.

Annex 6 contains a list of the embargoes that were in force in 2003.

15 Uncontrolled proliferation of small arms and light weapons

Work is in progress in various international forums with a view to preventing and combating destabilising accumulations and the uncontrolled proliferation of small arms and light weapons. Sweden attaches great importance to these efforts, among other things, and plays an active part in them. Sweden advocates that all countries should introduce and pursue a responsible export policy by means of exhaustive legislation and rules. The objective is to establish effective, well-administered control systems that are capable of controlling manufacturers, buyers, sellers, agents and intermediaries.

Follow-up to the 2001 UN Conference on Small Arms and Light Weapons

An action programme containing basic rules on controls of the production of and trade in small arms and light weapons was adopted at the 2001 UN Conference on the Illicit Trade in Small Arms and Light Weapons. The term ‘small arms and light weapons’ basically refers to light arms and other weapons that are intended to be carried and used by one or more persons, but a uniform definition has not been adopted. The first follow-up meeting to the conference was held in July 2003. Negotiations within the framework of the United Nations will begin in 2004 in order to achieve an international instrument for labelling and tracing of small arms and light weapons. The negotiations are expected to be concluded during 2005.

Other instruments and efforts by the EU

The Organization for Security and Co-operation in Europe (OSCE) adopted a Document on Small Arms and Light Weapons in November 2000 which deals with production and export controls and lays down rules on labelling, registration, tracing, information exchange, safe storage and surplus military equipment. The Wassenaar Arrangement has also worked on this issue for a number of years and adopted a new reporting category for small arms and light weapons in 2003.

The EU’s measures in this field are based on the Programme for Preventing and Combating Illicit Trafficking in Conventional Arms, which was adopted in 1997, and a Common Position adopted in 1998 against destabilizing accumulations of firearms and small arms and light weapons. The joint action was updated under a Council decision of July 12 2002. The EU finances joint measures to combat the uncontrolled spread of small arms and light weapons and also publishes an annual review of the Member States’ national measures and international action in the field of small arms and light weapons.

16 The role of the defence industry in the context of security policy

In a little over 10 years the situation for the Swedish defence industry has changed completely as a result of the changes in the security and defence situation in Europe, and thus in Sweden too. Our approach to security and defence has changed, and this has also made an impact on the Swedish defence industry.

The credibility of Sweden’s policy of non-participation in military alliances will be strengthened if Sweden can maintain a certain measure of independence as regards supplies of equipment for its defence. This means that Sweden must maintain a certain production capacity, know-how and development capacity in the defence industry sector. To achieve this, the defence industry must have opportunities for exporting, provided

that export transactions are compatible with Sweden's foreign, security and defence policies.

Owing to the changes that have taken place in security and defence policy, however, the cold war objective of maintaining an independent domestic defence industry that could design and develop specifically Swedish solutions is no longer considered either possible or even desirable in the light of Sweden's overall interests.

In view of the principle of non-participation in alliances it is in Sweden's security interests to collaborate with like-minded countries on joint security-promoting activities and crisis management. Such collaboration also extends to military capability.

The new security and defence policy also entails collaboration defence equipment supplies. The desire for self-sufficiency as regards equipment for Sweden's defence has been replaced by a growing need for cooperation with like-minded states and neighbours.

Cooperation on defence equipment procurement is essential for a flexible defence and adaptability in the face of new threats and risks that may arise. The adaptability of Sweden's defence has been given high priority by Parliament, and the Government has stated that it is vital to security policy in a non-aligned country like Sweden that other countries should consider our defence adaptability credible. It therefore lies in Sweden's security interests that we should maintain long-term and continuous cooperation with traditional countries of cooperation. This mutual cooperation is based on both exports and imports of military equipment.

Previous decisions taken by the Government and Parliament

The two bills *Renewal of Sweden's Total Defence* (Gov. Bill 1996/97:4, p. 154) and the Bill *The New Defence* (Gov. Bill 1999/2000:30) established that in the light, inter alia, of diminishing appropriations for military equipment for Sweden's armed forces and the contracting international market, closer international cooperation was crucial to the survival of Sweden's defence industry and the future adaptability of its armed forces.

The first of these Bills also stated that it is important for the Government and the Swedish authorities to support the defence industry's export efforts in an active and structured manner, provided that they are consistent with the existing guidelines for Swedish exports of military equipment.

The Parliamentary Standing Committee on Defence urged the Government in its report 1998/99:FöU1 to take further measures in order to promote export successful major military equipment projects, such as the JAS 39 Gripen aircraft. The Defence Committee too has emphasized the importance of active government measures to support exports.

The final report of the Commission on Military Equipment Supplies (SOU 2001:21) observed that exports of military equipment are important from the point of view of Sweden's security and defence policy since they contribute to maintaining the domestic enterprises' capability and capacity. Successful exports also contribute to the

domestic industry's image. Active export promotion measures by the Government and the relevant authorities were considered necessary to improve the industry's prospects of marketing and selling equipment abroad.

There are several reasons for the Government to involve itself in export support activities, and these are summarized in the Bill Continued Renewal of the Total Defence (Gov. Bill 2001/02:10). For example, exports help to lay a sustainable technological and industrial foundation for new development, as well as to maintain and further develop existing equipment systems. Furthermore, exports are an important element in strengthening the international competitiveness of the domestic industry. It is also an advantage to broaden the customer base for equipment that is used by the Armed Forces, since this offers opportunities for sharing development costs, coordinating training and maintenance and exchanging experience concerning the use of the equipment.

As regards the globalization of the Swedish defence industry, and the related restructuring measures, this is likely to continue. There is still considerable excess capacity, particularly in the European defence industries.

The Six-Nation Initiative – LoI

As was mentioned in last year's Communication (2000/01:114), the Government informed Parliament in a Government Bill (Gov. Bill 2000/01:49) of the Framework Agreement between France, Italy, Spain, the United Kingdom, Sweden and Germany that was negotiated by these countries as a result of the Letter of Intent (LoI) – the Six-State Initiative – adopted by the countries' defence ministers in July 1998, which was followed by the Framework Agreement signed in July 2000 on measures to facilitate the restructuring and operation of the European defence industry.

Four of the six relevant working groups continued their work in 2003 and presented reports at regular intervals to the Executive Committee that was set up in 1998. As regards export controls, the drafting of a sub-agreement to the Framework Agreement was completed, and the sub-agreement will be signed in 2004. It lays down detailed rules on the procedures and consultations provided for in the part of the Framework Agreement that deals with export controls. The drafting group also studied several matters that are directly relevant to export controls, such as the framework for controlling intangible transfers, harmonization as far as possible of the global project licences that are to be issued in the Six-Nation Zone and ways of measuring the efficiency gains associated with these licences. Ways of modernizing and streamlining the practical administration of export controls at the national level have also been studied, in which connection comparative studies were made of the countries' control and licensing systems. These studies will continue in 2004. Lastly, the working group has, on the Executive Committee's instructions, started examining the possibility of a free flow of military equipment between the Six, which might at a later stage include all EU member states. These studies will also continue in 2004.

The first global project licences have now been issued, although not as yet in Sweden. These licences mean that a free flow is allowed between the six countries of, e.g., components and systems within the framework of a project between the states and the industries.

Nordic cooperation on military equipment

In the Bill *Continued Renewal of the Total Defence* (Gov. Bill 2001/02:10) the Government presented a general agreement on aid for industrial cooperation in the military equipment sector between Denmark, Finland, Norway and Sweden, which was signed on 9 June 2001, for the approval of Parliament. The agreement, which as regards export controls is largely modelled on the Framework Agreement between the LoI states, is a confirmation of the process of change in the defence industry in the Nordic countries that has been under way for several years. Defence industry cooperation between the Nordic ammunition company NAMMO AS, which was formed in 1998 out of parts of the Norwegian company Raufoss ASA, the Finnish company Patria Industries Oy and the former Swedish company Celsius AB, was the subject of a first annex to the general agreement. Parliament approved the general agreement on 11 December 2001 (Parl. Comm. 2001/02:104). The agreement was ratified by the countries in 2002 and entered into force on 24 November 2002.

In 2003 the inter-Nordic working group negotiated new annexes to the agreement and persuaded the three countries to agree on the wording of a second annex relating to the Alvis Hägglunds Group, which consists of Patria Hägglunds Oy, Finland, Alvis Moelv AS, Norway, and Alvis Hägglunds AB and HB Utveckling AB, Sverige.

It is also worth mentioning at this point the similar Nordic cooperation between the defence authorities that are responsible for defence equipment, which is called NORDAC (Nordic Armament Co-operation). Cooperation in the NORDAC framework goes back to a framework agreement between the countries in 1994 and more than 60 inter-Nordic cooperation projects have been implemented under its aegis since the start. The purpose of this cooperation is to support the Nordic defence industry in various ways by cost-effective and harmonized solutions. This cooperation comprises both bilateral and multilateral projects and is also open to companies in other countries. Continuous reconciliation takes place with the efforts pursued in the Western European Armaments Group (WEAG), Panel 1.

As regards inter-Nordic companies and the intensified integration of the European defence industry in response to overcapacity, it may be noted that in 2003 the jointly owned Swedish-Finnish gunpowder and explosives company Nexplo Industries AB was sold to a French buyer, SNPE Matériaux Energétiques, after which the Nordic parent companies Saab AB and Patria Industries, together with the French buyer, formed a new parent company called Eurengo, with the subsidiaries Eurengo France, Nexplo, Nexplo Bofors and Nexplo Vihtavuori.

Cooperation with the USA

Ever since the Six-Nation Initiative was launched in July 1998 there has been growing American interest in promoting increased international and transatlantic defence industry cooperation. Following a first agreement with Canada, the USA continued to discuss with other countries the principles for and content of a Framework Agreement, called a Declaration of Principles (DoP), with basically the same content as the European LoI, but shorter and more general. Framework agreements have already been negotiated and signed with the United Kingdom, Australia and Norway. Discussions on a framework agreement with Sweden were opened in the latter half of 2001 and an agreement between the countries was signed in the first half of 2003.

Sweden is also taking part in another American initiative, the Defense Trade Security Initiative (DTSI), which was launched in 2000. The purpose of this initiative is to improve the effectiveness of the American licensing procedure, to encourage interoperability and standardization between the USA and countries closely associated with the USA, to facilitate transatlantic industrial joint ventures and to raise the common level of technology production between the collaborating countries. Following a decision on the part of the USA, Sweden joined this initiative in the summer of 2001.

One aim of the initiative is eventually to open negotiations between the USA and Sweden on a general exemption from the provisions of the International Traffic in Arms Regulations (ITAR). The previous agreement between the USA and Canada in this area serves as a model in this context too.

Security policy views

Continued participation in international cooperation on military equipment will safeguard Sweden's long-term foreign, security and defence policy interests both in the short and the long term. The defence policy aspects are connected with Sweden's non-participation in alliances, among other things. The foreign and security policy goals in this area, including efforts to combat the uncontrolled proliferation and destabilising stockpiling of weapons and Swedish participation in international peace-promoting activities, are achieved by permitting exports to and cooperation with countries that are crucial to Swedish security interests.

Equipment procurement, both in Sweden and in other countries, is nowadays based on, among other things, agreements and mutual dependence. Cooperating countries are mutually dependent on supplies of components, subsystems and complete systems, as well as products manufactured in each country. A country must develop domestic defence industry capacity and competence of the authorities to be able to participate in mutual equipment supply.

Sweden will only remain an attractive international cooperation partner – and a partner in the mutual equipment supply collaboration framework that we desire – if it can continue to develop an internationally competitive level of technology.

A competitive level of technology can only be maintained if there are sufficient financial resources for the domestic industry to survive and develop, as well as a certain amount of cooperation with other countries. Exports are considered an essential factor for ensuring that Swedish technology remains internationally competitive.

By virtue of its participation in the Six-Nation Initiative between the six largest industrial countries in Europe Sweden can actively influence the development of defence industry and defence export policies in Europe. In the long run, this will affect the EU's emerging defence and security policy both directly and indirectly.

An essential condition for government support for exports is that the export in question has been approved from the point of view of export controls by the authority responsible.

17 Developments in the international trade in military equipment

The Stockholm International Peace Research Institute (SIPRI) compiles statistics on the trade in military equipment in its Yearbook and in a database. These statistics are based on trend indicator values (SIPRI's website, www.sipri.se, contains further information about the methods used to collect data) and relate to transfers of major conventional weapons. According to the most recent information from SIPRI's database, transfers of major conventional weapons increased from USD 16,143 million in 2002 to USD 18,680 million in 2003.

During the five-year period 19978-2002 Sweden was ranked in 10th place in SIPRI's list of exporters of major conventional weapons (aircraft, warships, artillery, armoured vehicles, missiles, target acquisition and radar systems) with 1.52% of world exports, which totalled USD 66,983 million during the same period. The largest exporter, Russia, accounted for over 33% of global exports during that period, followed by the USA (29%), France (7%), Germany (5.9%) and the UK (4.8%).

The leading importer of major conventional weapons during the period 2000-2003 was China, which accounted for 15.3%, followed by India (10.2%), Greece (5.8%) and the UK (4.7%) and Egypt (4.1%). Sweden was in 45th place during the period with 0.4% of total imports of major conventional weapons. More information is available in the database at SIPRI's website, www.sipri.se.

18 Corruption in the international trade in military equipment

In the light of its longstanding and active commitment to combating corruption in the international arms trade, Sweden entered into close

cooperation in the summer of 1999 with the UK section of the organization Transparency International (TI).

This cooperation has resulted in a number of meetings and seminars in the last three years. The first meeting was held in Stockholm in 2000 and was followed up, inter alia, by a conference in Cambridge in 2001. The aim is to provide a new forum for an open and constructive dialogue between representatives of public administration, the military sector, the defence industry and academia. The participants at these meetings represented both producer countries and consumer countries, as well as countries at various levels of economic development.

At its first meeting in Stockholm in February 2002 the steering committee for the project took important steps towards identifying concrete proposals for action. The priorities include introducing the TI's Integrity Pact concept in the international arms trade. The basic principle of this concept is that the buyer and the tenderers should conclude an agreement guaranteeing that no bribes or undue benefits will be demanded or given. Another priority is to merge the many ethical programmes that are used by the industry into a single model.

In 2003 the project ran into financial and administrative problems, but made an international comeback at a major conference on export controls in Budapest in September in the context of the project's international information campaign. Sweden will continue to pursue this issue, inter alia, in the EU. New discussions on these activities between the Ministry for Foreign Affairs and Transparency International (UK) were held in December.

19 Cooperation in the EU on export controls of dual-use goods

The EU's work on export controls of dual-use goods is closely connected with the international work of the export control regimes. The work carried out in Brussels is coordinated, in particular, by two working parties – CONOP (Council Working Party on Non-Proliferation) and WPDU (Working Party on Dual-Use Goods), which updates the control lists provided for by EC Regulation 1334/2000.

The year's work on the control lists

As mentioned before, the alterations to the regimes' control lists are inserted in the annex to the EC Regulation and are thus legally binding upon all EU member states. The update of the Regulation's control list at the beginning of 2003 covered two years' alterations of the regimes' lists. The alterations made in 2003, which mainly cover the parts of the lists that are directly related to the MTCR and the WA, will be adopted in early 2004. (For more information on the MTCR and WA see section 20 below). Article 18 of the Regulation also contains guidelines for the working party that is chaired by a representative of the Commission. The main task of this working party has to do with questions of interpretation

in relation to the Regulation. The working party met several times in 2003.

The Peer Review project

An issue that dominated the work of the EU in 2003, particularly during the autumn, was the upcoming enlargement. Since the EC Regulation is legally binding upon all EU member states, there is a strong incentive to help the new members. The action plan against weapons of mass destruction was adopted at the Thessaloniki summit in June during the Greek presidency. One special project in this plan was taken over by the Council working party on the Regulation.

This project is generally referred to as the 'Peer Review project' and its objective is to ensure that, within the next two years, the EU carries out a peer review of the national export control systems, with the main focus on the systems in the candidate countries. The question of implementation has been discussed by a smaller internal working group, which presented a working document in late autumn. In accordance with the proposals set out in this document, all the all member states were divided into 10 clusters, each consisting of one candidate country and two current EU members. Each of these clusters will hold three meetings in spring 2004 to discuss application of EC Regulation 1334/2000. Sweden is a member of two of these 10 clusters.

Apart from improving consensus between all the EU's member states, the project is expected to succeed in formulating recommendations and guidelines on appropriate application of the Regulation.

EU coordination within the regimes

The EU's involvement in export controls of dual-use goods has a political dimension. Joint actions by EU member states in the various regimes have become increasingly common in the last few years and are now a natural element of the work being done in Brussels and in connection with regime meetings. The EU has, in particular, pursued two issues on a joint basis in 2003.

One of these issues, in which Sweden played a key role, is the introduction of a catch-all mechanism in the different export control regimes. (For more information on catch-all mechanisms, see section 8). This proposal is based on the EC Regulation B34/2000 Art. 4.

The other issue that engaged the EU member states is the question of new members of the regimes. Apart from the fact that EU members have a basically favourable attitude to the regimes as open forums, this question has a special dimension since some of the candidate countries are not yet members of some of the regimes. In order to facilitate the work of the EU, as well as that of the regimes, and to strengthen the international export control system when the external frontiers of the EU are extended, the issue of membership has been high on the agenda throughout 2003. In spring 2004 the regimes will take a decision on the issue of membership.

One purpose - several groups

Export controls are dealt with by several different EU groups. In the context of military equipment this area is dealt with by COARM, while export controls of dual-use goods are dealt with by COMOP. The latter group coordinates concerted EU action on political matters within the export control regimes. Issues relating to conventional weapons that are dealt with by the Wassenaar Arrangement are also discussed by COARM. The working party for EC Regulation 1334/2000 deals with alterations in the control lists in relation to all the regimes. In 2003 Sweden, together with other EU member states, proposed simplifying the system for dealing with export control matters in Brussels. One proposal is to set up a joint political and technical group for export controls. No decisions have yet been made on this matter.

The EU's strategy against the proliferation of weapons of mass destruction

In March 2003 Sweden initiated a discussion in the EU on ways of developing and strengthening the Union's common policy on weapons of mass destruction. This initiative resulted in the adoption of basic principles for a strategy and an action plan, which was adopted by the EU's heads of state and government at the European Council in Thessaloniki in June. A refined and more detailed strategy was adopted at the Brussels European Council in December.

Among other things, the strategy establishes the EU's support for strong national and internationally coordinated export controls. Efforts will be made to emphasize the role of the EU as a leading cooperation partner in the multilateral export control regimes and to support the applications for membership of these regimes from the acceding member states. The action plan comprises a series of concrete measures relating to export controls. The objective is to strengthen export controls in an enlarged Europe in various ways, to assist third countries by providing technical assistance on export controls and to seek to improve information exchange on proliferation risks in the export control regimes.

20 Cooperation in the international export control regimes

What are weapons of mass destruction?

The issue of non-proliferation of weapons of mass destruction has been high on the international agenda ever since the late 1980s. The main reasons for this are that certain countries in unstable regions seek to acquire weapons of mass destruction and signs that non-governmental entities are increasingly interested in acquiring such weapons too. Terrorist threats have become the main focus of attention following the attacks on 11 September 2001.

The term ‘weapons of mass destruction’ means nuclear weapons and chemical and biological weapons. Efforts to prevent the proliferation of weapons of mass destruction usually extend to weapon carriers such as long-range ballistic missiles and cruise missiles too. ‘Non-proliferation’ is understood to mean multilateral measures designed to prevent the spread of weapons of mass destruction. These measures are mainly embodied in a number of multilateral conventions and several informal export control regimes.

International agreements

As regards international agreements, special mention may be made of the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (BTWC) and the 1993 Convention on the Prohibition of the Production, Development, Stockpiling and Use of Chemical Weapons and on their Destruction (CWC). Sweden is a party to all three conventions (see Sweden’s Agreements with Foreign Powers 1970:12, 1976:18 and 1993:28).

Under the 1968 NPT, non-nuclear-weapon states undertake not to receive or manufacture nuclear weapons, and the nuclear-weapon states commit themselves to disarmament. Under Article III, the parties also undertake not to provide source or special fissionable material, or equipment or material especially designed or prepared for the processing, use or production of special fissionable material, unless the source or special fissionable material is subject to International Atomic Energy Agency (IAEA) safeguards. Under Article III of the 1972 BTWC the parties undertake not to transfer, either directly or indirectly, equipment that can be used for the production of biological weapons. Similarly, Article I of the 1993 CWC lays down a general obligation upon the parties not to transfer, either directly or indirectly, chemical weapons to another state.

Multilateral export control regimes

Although the primary objective of these international agreements is disarmament and prevention of the proliferation of weapons of mass destruction, all three agreements mentioned above contain provisions encouraging the parties to promote trade for peaceful purposes. The reason for this is that a substantial proportion of the products and technologies concerned are dual-use goods, i.e. they can be used for both civilian and military purposes.

For the purpose of facilitating international cooperation on non-proliferation of weapons of mass destruction, about thirty countries have joined a number of multilateral export control regimes: the Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Missile Technology Control Regime (MTCR) and the Wassenaar Arrangement (WA). Details of the memberships of these export control regimes will be found in Annex 5. The purpose of these

regimes is to identify products and technologies that can be used to produce weapons of mass destruction, exports of which should therefore be subject to coordinated control, and exchange information on proliferation risks. The export control regimes differ, however, from the relevant conventions in that they are not based on binding agreements under international law. Cooperation on multilateral regimes is based, rather, on national legislation, which provides for export controls for products and technologies that are identified as strategic products. Participation in these export control regimes may be regarded as a means of facilitating fulfilment of the obligation under international law laid down in the abovementioned conventions to refrain from assisting other states, either directly or indirectly, to acquire weapons of mass destruction.

Basic concepts used by the regimes

Two key concepts in this multilateral cooperation are ‘denials’ and ‘no undercut’. A member of a regime which denies an export licence for a specific transaction with reference to the regime’s objectives is expected to inform the other members of its decision. The other members of the regime are expected to consult the state that has issued this denial before deciding whether to grant an export licence for a similar transaction. This consultation procedure is referred to as the ‘no undercutting’ principle. The system of issuing denials is used within the NSG, the AG, the MTCR and the WA. The ‘no undercut’ consultation procedure is used within the NSG, the AG and the MTCR.

Export control regimes after 11 September 2001

The terrorist attacks in New York and Washington on 11 September 2001 caused mass destruction without the use of weapons of mass destruction in the conventional sense. The circulation of anthrax bacteria in the USA during the autumn of 2001 demonstrated that biological material that can be used in biological weapons had fallen into the wrong hands. In the light of these events and the risk of terrorists gaining access to weapons of mass destruction, cooperation in the multilateral export control regimes now focuses to a great extent on terrorist threats. The first step has been to declare explicitly in the regimes’ basic documents that one of the purposes of the activities is to prevent the spread of dual-use goods to terrorists. The WA introduced this rule in 2001, the AG and NSG in 2002 and the MTCR in 2003. Another measure is to expand exchanges of information to include the risk of items spreading to non-governmental players, who may be present in any country.

Catch-all clauses

In order to further strengthen export controls the regimes have also concentrated on introducing a catch-all clause in their guidelines. Catch-all clauses provide a legal basis for also carrying out export controls on

goods and technologies that are not included in the regimes' control lists where there is reason to suspect that they may be used for the production of weapons of mass destruction or related weapon carriers. The AG introduced a catch-all mechanism in 2002. The MTCR and WA did the same in 2003 and the NSG plans to take a decision on this matter in 2004. The EU, which has already provided for this mechanism in Regulation 1334/2000, has played an active part in promoting these efforts, and so has Sweden.

The Zangger Committee

The Zangger Committee, which , was formed in 1974, deals with export control matters within the framework of the Nuclear Non-Proliferation Treaty (NPT). The Committee defines the meaning of the term "equipment or material especially designed or prepared for reprocessing, use or production of special fissionable material" in Article III of the Treaty. The NPT lays down that such equipment, as well as source and special fissionable material, may only be exported to a non-nuclear state if the fissionable material is subject to IAEA safeguards. The equipment is specified in the Committee's control list, which is continuously updated in the light of technological developments. The list can be found in the IAEA's information circular no. 209 (INFCIRC/209/Rev. 2).

In 2003 the Zangger Committee continued its efforts to promote transparency in connection with its activities and to clarify its role within the NPT framework, in particular in preparation for the next review conference on the Treaty in 2005. The Committee also opened a website: www.zanggercommittee.org.

The Nuclear Suppliers Group

The Nuclear Suppliers Group was originally called the London Club, which was established in 1974, partly in response to India's explosion of a nuclear device that year. The NSG focuses on controls of exports of products that can be used to produce nuclear material for use in weapons and dual-use goods that can be used for the production of nuclear weapons. These items are specified in the IAEA's information circular number 254, which includes a control list for each group of items (INFCIRC/254/Rev. 6/Part 1 and INFCIRC/254/Rev. 5/Part 2).

The NSG paid particular attention in 2003 to the nuclear situation in North Korea and Iran. The regime called on all states to exercise the utmost vigilance to make sure that no exports from them contribute to North Korea's nuclear capability. The members of the NSG expressed their concern about Iran's nuclear programme and urged the Iranian government to clarify outstanding issues relating to the programme. The NSG started on the EU's initiative an effort to introduce a catch-all mechanism in its guidelines. It kept up its contacts with non-members with a view to promoting non-proliferation objectives and proceeded with the continuous updating of its control lists. Sweden will host the NSG plenary session in 2004, after which it will assume the presidency

of the regime for one year. The session will be held in Gothenburg on 24-28 May.

The Australia Group

The Australia Group (AG) was formed in 1985. Its aim is to harmonize its members' export controls in order to prevent the proliferation of biological and chemical weapons. Originally it was only concerned with chemicals and chemical production equipment. However, the members of the Group decided in 1990 to extend its control lists to include microorganisms, toxins and certain types of production equipment for biological weapons.

In 2003 the Australia Group took various measures in order to further strengthen its outreach efforts on behalf of non-members. Among other things, it adopted a regional action plan for Asia and the Pacific. The Group also took measures to raise awareness about proliferation risks in the export industry and to further strengthen its efforts to check compliance with export control rules. The AG decided, within the framework of its continuous updating of control lists, to add 14 new pathogens to the lists.

The Missile Technology Control Regime

The Missile Technology Control Regime (MTCR) was set up as a result of an American initiative in 1982. It focuses on export controls of complete missile systems (including cruise missiles, space launch rockets and missiles and sounding rockets) with a range of 300 km or more. Controls also extend to components of such systems and other products that can be used to produce such missiles.

The MTCR amended its guidelines in 2003 to make it possible for the authorities in member states, in their decisions on export controls, to take into account the risk of terrorists gaining access to the goods in question. It also introduced a catch-all clause into its guidelines on the EU's initiative. In view of the terrorist threat, among other things, it was also decided to extend the MTCR's activities to include unmanned air vehicles with a range under 300 kilometres with equipment for spreading liquid or gas. Under a very active outreach programme the Regime contacted non-member states to inform them of the MTCR's objectives and activities, encourage them to apply the Regime's guidelines and offer support in order to further strengthen their export control systems.

The Wassenaar Arrangement

Background

The Wassenaar Arrangement (WA) was formed in 1996 as a successor to the multilateral export control cooperation that had previously taken place within the framework of the Coordinating Committee on

Multilateral Export controls (COCOM). COCOM concentrated mainly on the Warsaw Pact. It became increasingly apparent after the end of the cold war that cooperation within the COCOM framework must be extended to include former Eastern bloc countries. COCOM ceased to exist on 31 March 1994, and after three years of negotiations a new export control regime was established – the Wassenaar Arrangement.

The WA's aim is to contribute to regional and international security and stability by promoting transparency with regard to transfers of conventional weapons and dual-use goods, thus helping to avoid destabilizing accumulations. The WA's activities are based on the principle that trade in the items in the control lists should be permitted, but must be controlled.

The WA targets a broader product portfolio than the other export control regimes. Two control lists are attached to the basic document: the Munitions List, which covers conventional military equipment, and the List of Dual-Use Goods and Technologies, which covers technologies with civilian and military uses that are not included in the control lists of the other control regimes.

The review year 2003

The first review of the WA's activities was carried out in 1999. In preparation for its second review year 2003 the majority of the member states were involved to an unprecedented extent in the WA's history. Together with Denmark, Sweden headed a working group engaged on the work of updating control lists and the introduction of a catch-all mechanism.

The review year also involved an increase in the number of meetings. Sweden hosted one of the meetings held by the Danish/Swedish working group. Satisfactory results were achieved in many areas at the plenary session in December. The WA underwent a number of structural changes. The WA's basic document ('Initial Elements') was modified and given a more up-to-date title, and the regime also adopted new rules of procedure.

Some of the most significant results of the 2003 plenary are the adoption of a catch-all mechanism, new guidelines for exports of MANPADS, the adoption of an eighth category for small arms and light weapons, guidelines for arms brokering, a decision on measures relating to intangible transfers, concrete measures to combat terrorism, a new structure for the work on control lists and the adoption of a broad outreach programme for third countries. The review laid a solid foundation for continued development and deepening of the regime's activities.

Further information about the WA is available on its website, www.wassenaar.org.

21 Raising awareness about export control policy – outreach efforts

The ISP accounts for much of the information about export controls in Sweden, but a great deal of information is also provided by international bodies. Such activities are often referred to as outreach efforts, and their purpose is to strengthen the international export control system by raising awareness of the need for export controls and what this involves. These efforts are directed primarily at countries and regions that are not currently involved in multilateral activities in the regimes or in the field of military equipment. These countries often have a well-established national export control system, but lack international contacts. Apart from the information value of the seminars and meetings that are arranged in this connection, they also offer opportunities for more open discussions of various problems and proliferation risks. This makes it possible to expand international cooperation on issues that are of interest to most responsible exporting countries.

Among the regions on which attention has focused during the year are Central and Eastern Europe, the Balkans, Central Asia, the Mediterranean region and Asia. A number of seminars and conferences were held during the year, for example in Berlin, Budapest, Bucharest, Cambridge, Kiev, London, Prague, Riga, Tallinn, Tokyo and Warsaw. Swedish participants were invited to make presentations and in some cases to conduct certain activities.

Nordic-Baltic cooperation

Nordic-Baltic cooperation on export controls has broadened and deepened considerably. In connection with this cooperation regular meetings now take place between representatives of the Nordic and Baltic states. These meetings provide opportunities for exchanges of information and views concerning topical export control issues, with reference to both military equipment and dual-use goods.

The efforts to prepare the Baltic states for their accession to the EU also continued in 2003. Nordic-Baltic export control seminars were held for this purpose. The main focus of these seminars was practical application of the Code of Conduct and EC Regulation 1334/2000 setting up a Community regime for the control of exports of dual-use goods and technology. Sweden hosted two meetings.

22 Intangible transfers

The question of controls of intangible transfers, i.e. transfers of software or technology, is a subject that has exercised most of the export control regimes and the EU for several years. Such transfers can be made with respect to both military equipment and dual-use goods. Transfers between countries are made mainly via electronic media (computer

networks and the Internet). Technology can also be transferred verbally and by telefax.³

Council Regulation 1334/2000 defines 'software' as 'a collection of one or more "programmes" or "microprogrammes" fixed in any tangible medium of expression'. 'Technology' means specific information necessary for the 'development', 'production' or 'use' of goods. This information takes the form of 'technical data' or 'technical assistance'.

Efforts in this area focus on electronic transmission by means of the Internet and other computer networks.

Electronic transmission of software and technology is an area which demands special attention in the field of export controls, and in the light of recent developments there is a risk of its becoming the weakest link in the export control chain. There are enormous numbers of potential transmitters and receivers, and for non-governmental entities, including terrorists, electronic transmission is a simple, cheap and safe method for their purposes. This increases the risk of terrorists using the transmitted information in order to produce weapons of mass destruction and makes it easier for them to carry out information operations designed to paralyse essential functions ('cyberterrorism').

It is particularly important to take measures to prevent illicit electronic technology transfer (as defined above). Technology transfer is carried out by all exporters, both for military equipment and dual-use goods. Exporters can use inputs in their solutions delivered by suppliers in other countries. Such process chains can be long and complex, and it is difficult to establish where sensitive export-controlled components are developed and incorporated into the final product.

Data on intangible transfers were collected in 2003 by the Ministry for Foreign Affairs in cooperation with other authorities, in particular the ISP and export control authorities in several other countries, both in the EU and North America. The expansion of the Internet and its spread to almost all the countries in the world were studied. The Internet is an excellent medium for transferring software and technology. Due to its global distribution, sensitive information can be stored in places (some of which may be unsuitable) without the knowledge of exporters.

During the year the Ministry initiated an in-depth analysis of Internet-related issues that are relevant to electronic transfers of software and technology in connection with export controls. The analysis will deal primarily with risks, threats and opportunities on the Internet. It will be carried out by Swedish experts and presented to the Ministry. It is hoped that the analysis will provide input for future work in this area and help to strengthen the Swedish export control system and the export control activities of the EU and the export control regimes.

³ The Government Communication *Report on Sweden's Export Control Policy and Exports of Military Equipment in 2001* (Comm. 2001/02:114) contains a description of intangible transfers in section 19. Detailed information can be found in that section.

23 Cryptography

The Government presented its views on certain aspects of the use and control of crypto products in its Communication to Parliament on cryptography (1998/99:116).

The development and use of crypto products have attracted considerable attention both in Sweden and elsewhere. These products play a very important role in the development of electronic commerce and electronic administration at both the national and international levels. The extent of export controls is determined by security and law enforcement concerns about access to powerful cryptographic tools. The main forum for international discussions in this field is the Wassenaar Arrangement, which adopted a new list for information security products in December 1998. The requirements were relaxed somewhat in December 2000 by abolishing the requirement relating to the maximum length of crypto keys for mass market products. The reason given for the latter alteration is the need to revise the list in the light of rapid technological developments in this area.

The Swedish Government's view on this matter is that there remain national security reasons for preventing the dissemination of certain crypto products to unsuitable recipients in some countries. On the other hand, the trade in crypto products in the EU's single market should be as free as possible in order to promote electronic communications and trade and the development of IT in the EU as a whole, including Sweden.

The general licences that were introduced in 1999, including licences for exports of mass market crypto products to all the significant export markets, and a time-saving control procedure in other respects, have eased the burden for companies.

In the Government's opinion, the policy on crypto products should be flexible and supportive in order to meet the growing need for secure communications and to respond to changes in other countries' policies and future technological developments in this area.

Following the events of 11 September 2001 and the spread of the Internet to practically all the countries in the world, several countries are now considering the impact of the Internet on vulnerability, the availability of criminal information on the Internet, rules for Internet traffic and methods for controlling the spread of cryptography and learning more about the use of crypto products. There is a growing opinion in favour of giving countries' judicial authorities and security organs access, in connection with criminal investigations, to a clear-text version of transmitted information, for example by making available the crypto keys that are used. There are also demands for greater transparency as regards the construction of crypto products. Such demands may influence export control policies.

A small-scale review of the Government Communication to Parliament on cryptography (Comm. 1998/99:116) is being carried out in the Government Offices.

24 Galileo – a European civilian positioning system

The European Community has been developing the Galileo satellite navigation system since the end of the 1990s. The aim is to develop a European system as an alternative to the American GPS system, which is a military system but is also used for civilian purposes. The Galileo project is civilian and is under civilian control. However, its signals can be used by anyone for various purposes, including the purpose of enhancing national security.

The European Council's conclusions from the summits held during the period 1999-2003 emphasize the strategic importance of Galileo. Council Conclusions issued on 6 December 2002 specified the signal services to be included in the tender documentation for Galileo. A Council Decision relating to the commencement of production and operation, the use of services, security matters, establishment of the EU's supervisory authority, and public and private financing is planned for December 2004. Galileo is planned to come into operation in 2008.

Galileo will consist of about 30 radio navigation satellites, about 10 ground stations and two control centres. The satellites will transmit navigation and time signals, which can be received by receivers on the ground or in the air and recorded in the form of time data and receiver location data.

It will be possible to insert these data in various IT-controlled applications and link them to electronic maps. The receivers can be located on individuals (watches, mobile telephones, special equipment) or in cars, ships, aircraft, missiles, smart bombs etc. Receivers will also be able to send signals indicating their precise location (two-way communication).

Galileo and GPS, and the corresponding Russian system Glonass as well, have a limited frequency spectrum. The signals overlay the assigned spectra and interfere with one another. If a signal is misused in connection with a military conflict, a country may decide to jam the illegal signal, with the consequent risk of having its own signals jammed.

Several key issues regarding Galileo were dealt with in 2003. The negotiations between the USA and the EU on an agreement concerning GPS and Galileo made great progress during the autumn, and an agreement is likely to be concluded in June 2004. A crucial issue from the USA's point of view is to ensure that Galileo's signals do not jam GPS's future military signals in the event of a crisis, which would affect not only the USA's defence but also the defences of other Nato countries and the Swedish Armed Forces as well. The negotiations have reached an advanced stage. What remains to be done in 2004 is to agree on national security criteria for the design of GPS's and Galileo's signal services. The Galileo Security Board Working Group SG2 (International Relations) has been assigned the task of leading the EU's group of experts in the talks with the USA. Sweden chairs this working group.

Among other important issues that were dealt with in 2003 the following may be mentioned: the formulation of security requirements, including non-proliferation and export controls, that the EU should

specify in cooperation agreements on Galileo to be concluded between third countries (China, Russia, India, Israel, Japan, South Korea) and the EU. The security requirements for Galileo's future ground stations have already been finalized. Requirements are also being drafted vis-à-vis the EU bodies that will be responsible, during the period 2008-2030, for ensuring that the Community's security interests, including export controls, are protected and that the member states' common security interests, for example non-proliferation, are protected too.

It has also been noted that the WA's export control lists are likely to discriminate against Galileo, which is a civilian system largely funded by the private sector. Proposals for alterations of the control lists are being drafted in the EU.

Annexes

25 Annex 1: Swedish exports of military equipment in 2003

25.1 Introduction

The National Inspectorate of Strategic Products (ISP) continuously monitors Swedish companies' marketing and exports of military equipment, and it supplies the Government with the statistical data for this report on exports of Swedish military equipment. The 120 or so enterprises that are authorized to manufacture military equipment (excluding about 50 'hand loaders', private individuals who manufacture hunting and sporting ammunition), some 48 of which are active exporters, are required by law to submit various kinds of information about their operations to the ISP. The Government declared its intention, in the Bill *Greater Transparency and Consultation in Matters Relating to Exports of Military Equipment* (1984/85:82), of submitting an annual report to Parliament on Swedish exports of military equipment. The subject of the present report is Swedish exports of military equipment in 2003.

25.2 Export licences granted

Table 1

Export licences granted for sales of military equipment during the period 1999-2003 at current prices

Year	Value in MSEK at current prices			Change in %		
	Total	MEC	OME	Total	MEC	OME
1999	7,153	1,082	6,071	+118.5	-25.3	+232.8
2000	4,640	2,369	2,271	-35.1	+118.9	-62.6
2001	23,900	21,228	2,672	+415	+796	+18
2002	5,882	3,094	2,788	-75.4	-85.4	+4.3
2003	9,021	4,383	4,638	+53.4	+41.8	+66.4

The value of the items for which export licences were granted is reported under two main categories: Military Equipment for Combat Purposes (MEC) and Other Military Equipment (OME). The MEC category consists of destructive equipment, including sights, and firing control equipment. The OME category consists of parts and components for equipment for combat purposes and equipment that is not directly destructive in a combat situation.

The value of licensed exports in 2003 was slightly higher than the average value for the last ten years with the exception of 2001, when it was extremely high due to the export licences granted during the year for exports of the JAS 39 Gripen combat aircraft and of Combat Vehicle 90. The total value of the items for which export licences were granted was MSEK 9,021 in 2003, which represents an increase of 53% compared with 2002. The total value of MEC items for which export licences were granted was MSEK 4,383 – an increase of almost 42% compared with 2002. The value of the corresponding OME items increased by over 66% during the same period to MSEK 4,638.

Export licences are granted, on the one hand, for many small transactions involving items such as spare parts or ammunition, and on the other hand for a small number of very large transactions involving major systems that are delivered over a period of several years. A few large transactions, which do not necessarily occur every year, can thus have a very significant effect on the results in a given year. As can be seen from figure 1 below, there are considerable differences in the statistics on export licences from one year to another, and this is particularly true of the figures for 2001 due to the great impact made by the export licences for JAS 39 Gripen. However, these variations in the value of export licences make little impact on actual exports of Swedish military equipment, which do not vary greatly from one year to the next. The reason for this is that the exports associated with a major export licence are usually spread over several years.

Figure 1
Value of items for which export licences were granted and actual exports of military equipment in MSEK, 1999-2003

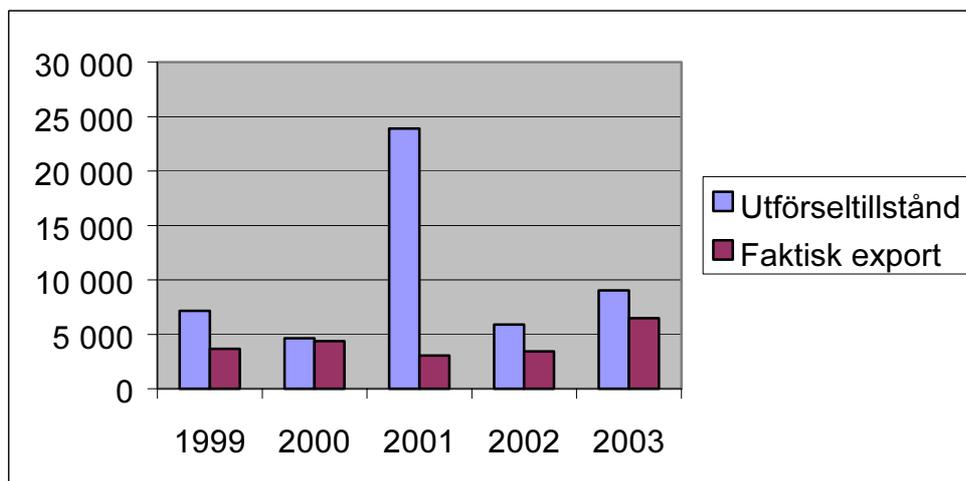


Table 2 shows the destinations for which export licences were granted, the total value of the licences for each country and the categories of equipment covered by the licences. The categories of equipment are the main categories specified in the Military Equipment Classification (MEC 1-11, OME 21-37), which are listed in table 4. More detailed information on the content of each category will be found in Annex 1 to the Military Equipment Ordinance (1992: 1303). The main types of products in the

respective categories of equipment are listed in the table. This means that export licences were granted for one or more of the products, or related subcomponents, in an equipment category. But it does not mean that export licences were granted for all the products in each category.

In cases where only one or two licences were granted, an approximate value is given in order to protect commercial interests or defence secrets. The various subcategories of equipment in the MEC and OME categories may have the same designation; the designations are generic and relate to the type of equipment system. The MEC category consists of destructive equipment, including sights, and firing control equipment. The OME category consists of parts and components for military equipment for combat purposes and equipment that is not directly destructive in a combat situation.

Table 2

Total number and value of export licences granted by recipient countries, including descriptions of the equipment in text and figures (and, in the case of a few countries, more detailed equipment specifications)*

* The table lists the main types of products in the respective categories of equipment, which does not, however, mean that export licences were granted for all the products. For illustrative purposes, specific equipment information is given instead of the standardized main category descriptions in the case of a small number of countries.

Country	No. of licences granted	Main category for which export licences were granted (category numbers and types of products)		Value of licensed items (MSEK) ⁴
		MEC	OME ⁵	
Australia	24	3, 4, 5, 7 Ammunition, missiles, rockets etc., firing control equipment, gunpowder and explosives	23, 24, 25, 28, 36, 37 Ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, surveillance vessels, manufacturing equipment, software	309
Austria	8	3, 7 Ammunition, gunpowder and explosives	23, 25, 35 Ammunition, reconnaissance and measurement equipment and training equipment	55.6
Belgium	7	7 Gunpowder and explosives	21, 22, 23 Barrel weapons, ammunition	3.1
Botswana	1	2 Barrel weapons		2.6
Brazil	6	2 Barrel weapons	22, 35 Barrel weapons, training equipment	12.3
Bulgaria	4		21, 23 Barrel weapons, ammunition	0.5
Canada	7	7 Gunpowder and explosives	22, 25, 36 Barrel weapons, reconnaissance and measurement equipment, manufacturing equipment	9.5
Chile	1	7 Gunpowder and explosives		3.4
Croatia	2		24 Sweeping equipment	15.8
Czech Republic	5	7 Gunpowder and	23 Ammunition	9

⁴ The values are rounded to the nearest decimal point. In cases where only one or two licences were granted, an approximate value is given.

⁵ The various subcategories of equipment in the main categories MEC and OME may have the same designation; the designations are generic and relate to the type of equipment system. The content of the two categories is as follows.

MEC: Military equipment for combat purposes consists of destructive equipment, including sights for such equipment, and firing control equipment.

OME: Other military equipment includes parts and components for military equipment for combat purposes and equipment that is not directly destructive in a combat situation.

Country	No. of licences granted	Main category for which export licences were granted (category numbers and types of products)		Value of licensed items (MSEK) ⁴
		MEC	OME ⁵	
		explosives		
Denmark	26	3, 7 Ammunition, gunpowder and explosives	21, 23, 24, 25, 30, 35 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, vehicles and related parts, training equipment	111
Estonia	5	3 Ammunition	23, 35 Ammunition, training equipment	17.7
Finland	42	1, 3, 5, 6, 7 Barrel weapons, ammunition, firing control equipment, components for tear-gas products, gunpowder and explosives	21, 22, 23, 25, 26, 35, 36, 37 Barrel weapons, ammunition, reconnaissance and measurement equipment, protective equipment, training equipment, manufacturing equipment, software	323
France	27	3, 5, 7 Ammunition, firing control equipment, gunpowder and explosives	21, 22, 23, 25, 27, 29, 33 Barrel weapons, ammunition, reconnaissance and measurement equipment, explosives, equipment for aircraft and helicopters, electronic equipment	1984
Germany	56	3, 5, 6, 7 Ammunition, firing control equipment, components for tear-gas products, gunpowder and explosives	21, 22, 23, 24, 25, 26, 27, 30, 35, 37 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, explosives, vehicles and related parts, training equipment, software	928
Ghana	1		26 Protective equipment	1.2
Greece	9	5 Firing control equipment	21, 22, 25, 30, 35 Barrel weapons, reconnaissance and measurement equipment, vehicles and related parts, training equipment	608
Hungary	8	3, 7 Ammunition, gunpowder and explosives	23, 25 Ammunition, reconnaissance and measurement equipment	6.7
India	8	2, 3 Barrel weapons, ammunition	22, 24, 25, 30 Spare parts for barrel weapons, parts for bombs, torpedoes etc., reconnaissance and measurement equipment, vehicles and related parts	600.2
Indonesia	1		22 Spare parts for barrel weapons	3.5
Ireland	9	2, 3, 5 Barrel weapons, ammunition, firing control equipment	21, 22, 23, 25 Barrel weapons, ammunition, reconnaissance and measurement equipment	44.8

Country	No. of licences granted	Main category for which export licences were granted (category numbers and types of products)		Value of licensed items (MSEK) ⁴
		MEC	OME ⁵	
Italy	16	3, 7 Ammunition, gunpowder and explosives	21, 23, 24, 25, 29 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, equipment for aircraft and helicopters,	49
Japan	13	3 Ammunition	22, 23, 24, 35, 37 Barrel weapons, ammunition, bombs, torpedoes etc., training equipment, software	14
Kuwait	1		21 Barrel weapons	2.3
Lithuania	6	3 Ammunition	22, 23, 35 Barrel weapons, ammunition, training equipment	33.8
Malaysia	5	7 Gunpowder and explosives	21, 22, 23, 25 Barrel weapons, ammunition, reconnaissance and measurement equipment	54.2
Mauritius	2	3 Ammunition	23 Ammunition	0.5
Mexico	2	3 Ammunition		4.6
Namibia	1		23 Hunting and sporting ammunition	0.4
Netherlands	3		21, 25, 35 Barrel weapons, reconnaissance and measurement equipment, training equipment	1.1
Norway	56	3, 7 Ammunition, gunpowder and explosives	21, 22, 23, 24, 25, 26, 29, 30, 35, 37 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, equipment for aircraft and helicopters, vehicles and related parts, training equipment, software	772
New Caledonia (France)	1		23 Ammunition	0.6
New Zealand	4	3 Ammunition	23 Ammunition	0.5
Pakistan	4		24, 25 Parts for bombs, torpedoes etc., reconnaissance and measurement equipment	13.7
Peru	1		23 Match ammunition (CISM)	0.1
Philippines	1		21 Sight attachments	0.5
Poland	10	3, 5, 7 Ammunition, firing control equipment, gunpowder and explosives	23, 25 Ammunition, reconnaissance and measurement equipment	204.4

Country	No. of licences granted	Main category for which export licences were granted (category numbers and types of products)		Value of licensed items (MSEK) ⁴
		MEC	OME ⁵	
Portugal	2	3 Ammunition	23 Ammunition	0.7
Republic of Korea	1		25 Reconnaissance and measurement equipment	2.6
Russian Federation (Russia)	13	3 Hunting and sporting ammunition	23 Hunting and sporting ammunition	7.8
Saudi Arabia	2		23 Match ammunition (CISM)	0.4
Singapore	6	7 Gunpowder and explosives	22, 24, 25, 26 Barrel weapons, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment	31
Slovakia	3	3 Ammunition	23 Ammunition	0.6
Slovenia	5		23, 25, 26 Ammunition, reconnaissance and measurement equipment, protective equipment	5
South Africa	6	7 Gunpowder and explosives	23, 25, 36 Ammunition, reconnaissance and measurement equipment, training equipment	31.8
Spain	8	7 Gunpowder and explosives	23, 25, 26, 37 Ammunition, reconnaissance and measurement equipment, protective equipment, software	15.8
Switzerland	18	3, 7 Ammunition, gunpowder and explosives	23, 24, 25, 33, 36 Ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, electronic equipment, manufacturing equipment	29.4
Thailand	14	2, 3 Barrel weapons, ammunition	22, 23, 25, 35 Barrel weapons, ammunition, reconnaissance and measurement equipment, training equipment	249
Tunisia	1		24 Parts for bombs, torpedoes etc.	5.5
Turkey	1		23 Match ammunition (CISM)	2.6
Ukraine	2	3 Hunting and sporting ammunition	23 Hunting and sporting ammunition	0.9
United Arab Emirates	5	3, 5 Ammunition, firing control equipment	25, 37 Spare parts for reconnaissance and measurement equipment, software	233
United Kingdom	34	1, 3, 7 Barrel weapons, ammunition, gunpowder and explosives	22, 23, 25, 29, 30, 35, 37 Barrel weapons, ammunition, reconnaissance and measurement equipment, equipment for aircraft and helicopters, vehicles and related parts, training equipment,	962

Country	No. of licences granted	Main category for which export licences were granted (category numbers and types of products)		Value of licensed items (MSEK) ⁴
		MEC	OME ⁵	
			software	
USA	57	2, 3, 7 Barrel weapons, ammunition, gunpowder and explosives	21, 22, 23, 24, 25, 26, 27, 33, 35, 36 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, explosives, electronic equipment, training equipment, manufacturing equipment	1242

Follow-on deliveries

It is sometimes of interest to find out to what extent the licences granted for exports to a specific country relate to follow-on deliveries. The table below shows these data for a number of countries. The type of equipment covered by new licences is also indicated in the case of countries for which licences were issued in 2003.

Country	No. of licences	Follow-on licences	New licences
India	10	10	0
Pakistan	7	7	0
Indonesia	1	1	0
Republic of Korea	2	1	1 (camouflage nets)
United Arab Emirates	3	2	1 (small-calibre ammunition)
Oman	0		
Saudi Arabia	2		2 (CISM ammunition, parts for terminally guided ammunition)
South Africa	7	2	5 (Recycled explosives for mining, hunting ammunition, cooperation projects relating to Hkp-systems)
Malaysia	7	7	0
Philippines	1	0	1 (carbine sight attachments)

25.3 Actual deliveries

The ISP's export statistics are based on the statements on the invoiced value of equipment supplied that the export companies are required to submit. As can be seen in table 3 below, Swedish exports of military equipment increased in 2003 from MSEK 3,440 to MSEK 6,479, which represents an increase of over 88% at current prices compared with 2002. The value of exports of MEC increased by over 174%. The value of other military equipment increased by almost 47% compared with 2002. Exports of military equipment accounted for 0.79% of Sweden's total exports, compared with 0.44% in 2002.

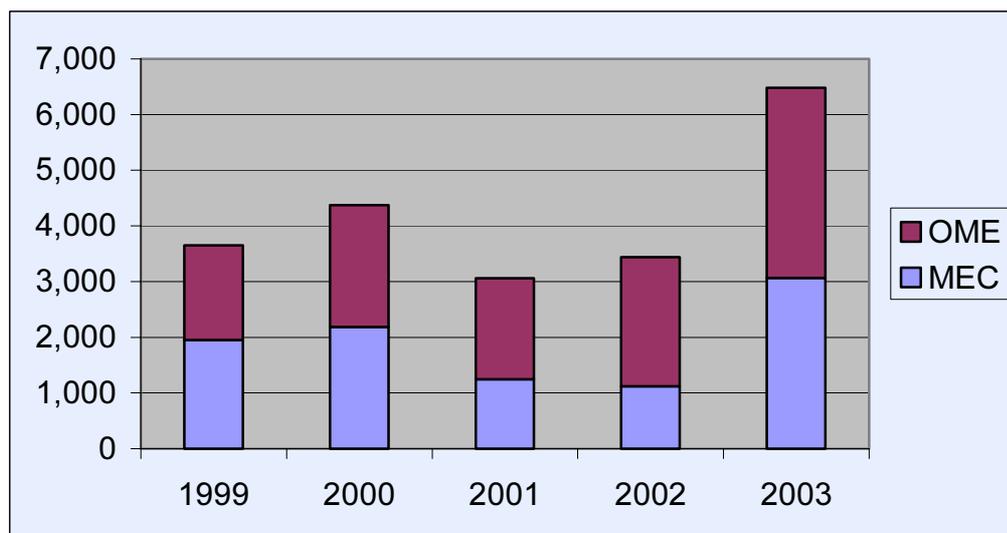
About SEK 1 billion of this increase is due to an increase in sales to Switzerland, in particular a large transaction involving Combat Vehicle 90. Apart from this, there was a general increase in exports to many recipient countries, including the United Kingdom, Germany, Austria, Finland and the USA, during the year.

Table 3
Value of exports of Swedish military equipment during the period 1999-2003 at current prices

Year	Sweden's total exports of goods (curr.prices) MSEK	Exports of military equipment						
		Share of total exports %	Current prices, MSEK			Change in %		
			Total	MEC	OME	Total	MEC	OME
1999	700,945	0.52	3,654	1,954	1,700	+4.0	+17.6	-8.2
2000	796,673	0.55	4,371	2,189	2,182	+19.6	+12.0	+28.4
2001	780,594	0.4	3,060	1,247	1,813	-30	-43	-17
2002	789,900	0.44	3,440	1,120	2,320	+12.4	-10.2	+28
2003	816,300	0.79	6,479	3,069	3,410	+88.3	+174	+46.9

Changes in the above statistics from one year to another cannot be used as a basis for long-term assessments of export trends. Individual sales of large systems give rise to substantial fluctuations in the statistics.

Figure 2
Value of Swedish exports of military equipment in MSEK during the period 1999-2003, broken down into Military Equipment for Combat Purposes (MEC) and Other Military Equipment (OME)



Swedish exports of military equipment are also recorded in the general foreign trade statistics which are based on information supplied by the customs authorities to Statistics Sweden (SCB). However, SCB statistics include civilian products to which the Military Equipment Act is not applicable. These figures cannot be compared with ISP statistics and are not included in this report. The breakdown of the trade statistics was explained in Communication 1996/97:138.

25.4 Breakdown of exports by type of equipment

In table 4 exports of military equipment are broken down into the main categories specified in the Military Equipment Classification. This breakdown of the data gives some idea of the structure of military equipment exports as regards equipment categories. As with other types of export statistics, they should not be used to draw far-reaching conclusions about export trends, since the volume of exports is not sufficiently large to ensure even equipment flows in all the categories produced in Sweden; rather, the figures indicate a random emphasis that shifts over time depending on the export contracts won by the industry.

During the period in question, i.e. 2002-2003, small-calibre barrel weapons (MEC 1), the most important item in the category 'small arms and light weapons', played a negligible role in Swedish exports. This is worth bearing in mind in the light of Sweden's active role within the UN framework in the fight against the illicit trade in small arms and light weapons. The small-calibre barrel weapons mentioned under OME 21 are hunting and sporting weapons, exports of which are controlled in order to avoid large shipments of such weapons, which might be used for military purposes.

Table 4. Value of Swedish exports of military equipment during the period 2002-2003 (MSEK) in accordance with the main categories specified in the Military Equipment Classification

	2002	2003	
<i>Military Equipment for Combat Purposes (MEC)</i>			
MEC1	Small-calibre barrel weapons	0	11
MEC2	Cannons, anti-tank guns	204	364
MEC3	Ammunition	223	500
MEC4	Missiles, rockets, torpedoes, bombs	25	52
MEC5	Firing control equipment	42	577
MEC6	NBC weapons	0.6*	1.5*
MEC7	Gunpowder and explosives	122	122
MEC8	Warships	178	104
MEC9	Combat aircraft	0	0
MEC10	Combat vehicles	325	1,336
MEC11	Directed energy weapon systems	0	0
TOTAL MEC		1,120	3,068

* The exports under MEC6 consist of components for tear-gas products to countries in Western Europe.

Other Military Equipment (OME)

OME21	Small-calibre barrel weapons, parts etc.	6	8
OME22	Cannons, anti-tank guns, parts etc.	110	179
OME23	Ammunition for training purposes etc.	210	298
OME24	Training rockets, sweeping equipment etc.	57	78
OME25	Reconnaissance and measurement equipment	547	702
OME26	Protective equipment etc.	0.6	8
OME27	Gunpowder and explosives components	0	0.3
OME28	Surveillance vessels etc.	165	196
OME29	Aircraft designed for military use etc.	766	915
OME30	Vehicles designed for military use etc.	104	321
OME31	Directed energy weapon systems	0	0
OME32	Fortifications	0	0
OME33	Electronic equipment for military use	71	97
OME34	Photographic and electro-optical equipment	0.7	0
OME35	Training equipment	269	582
OME36	Manufacturing equipment	10	14
OME37	Software	2.8	12
TOTAL OME		2,320	3,410

25.5 Geographical distribution of exports

A total of 57 countries received deliveries of Swedish military equipment in 2003, compared with 51 in 2002 and 55 in 2001. The regional distribution of exports, as shown in tables 5 a and 5 b indicates the normal pattern, i.e. the largest share of Swedish exports of military equipment is destined for the Nordic countries, the rest of Europe and North America. These destinations accounted for more than 68% of total exports in 2003.

Table 5 a
Exports of military equipment by region in MSEK in 2003*

REGION	VALUE OF EXPORTS OF MILITARY EQUIPMENT (MSEK)		
	MEC	OME	TOTAL ⁶
European Union	562.1	1,572.2	2 134.3
North America	393.6	246.5	640.1
Non-EU Europe	1,346.7	292.8	1,639.4
Southeast Asia	288	363.3	651.3
South America	65.8	8.9	74.8
South Asia	250.8	75.6	326.4
Oceania	105.7	101.5	207.3
Central America and Caribbean	53.2	187.6	240.8
Middle East	0	72.4	72.4
Northeast Asia	1.6	2.3	3.9
North Africa	0	2.4	2.4
Sub-Saharan Africa	1.1	475.1	476.2

Since all the figures are given to one decimal place there may in some cases be a discrepancy between the total amount for the region and the MEC and OME subtotals.

* Sweden exported military equipment to the following countries in the respective regions: **EU** (Austria, Belgium, Denmark, Finland, France incl. New Caledonia, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom); **North America** (Canada, the USA); **Non-EU Europe** (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Iceland, Latvia, Lithuania, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Switzerland, Turkey, Ukraine); **Southeast Asia** (Indonesia, Malaysia, Singapore, Thailand); **South America** (Brazil, Chile, Venezuela); **South Asia** (India, Pakistan); **Oceania** (Australia, New Zealand); **Central America and Caribbean** (Mexico); **Middle East** (Bahrain, Kuwait, Oman, Saudi Arabia, United Arab Emirates); **Northeast Asia** (Japan, Republic of Korea); **North Africa** (Tunisia); **Sub-Saharan Africa** (Ghana, Mauritius, South Africa).

Table 5 b
Exports of military equipment by regions as a percentage of export value in 2003

⁶ In addition, Sweden exported military equipment to the United Nations in 2003 to the value of MSEK 9.8.

REGION	BREAKDOWN OF EXPORTS OF MILITARY EQUIPMENT BY VALUE (%)		
	MEC	OME	TOTAL ⁷
European Union	18.3	46.2	33.0
North America	12.8	7.2	9.9
Non-EU Europe	43.9	8.6	25.3
Southeast Asia	9.4	10.7	10.1
South America	2.1	0.3	1.2
South Asia	8.2	2.2	5.0
Oceania	3.4	3.0	3.2
Central America and Caribbean	1.7	5.5	3.7
Middle East	0	2.1	1.1
Northeast Asia	0.1	0.1	0.1
North Africa	0	0.1	0.0
Sub-Saharan Africa	0	14.0	7.4

The following tables show the proportion of exports of military equipment to recipient countries. Table 6 includes all countries to which the value of exports of military equipment exceeded MSEK 1 in any year during the period 2001-2003.

The largest individual recipient of Swedish military equipment in 2003 was Switzerland (MSEK 1,411), followed by the USA (MSEK 624.9), France (MSEK 617.1), South Africa (MSEK 475.5) and Germany (MSEK 441.4). These five destinations accounted for 55% of total Swedish exports of military equipment.

Table 6 a
Exports of military equipment by country 2001-2003 (MSEK)

	2001			2002			2003		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
Austria	3.4	111.1	114.4	1.5	49.1	50.5	0.4	158.1	158.1
Australia	54	16.2	70.2	62.1	61.1	123.2	105.7	98.1	203.9
Bahrain	23.1	1.5	24.6	-	0.2	0.2	0	4.0	4.0
Belgium	0.0	10.2	10.2	8.3	6	14.3	0.1	9.6	9.7
Brazil	16	205	221	12	27.3	39.2	2.9	2.4	5.2
Canada	2.3	85.2	87.4	2.2	12.4	14.7	3.4	11.8	15.2
Chile	4	0.2	4.2	27	3.4	30.4	3.2	0.3	3.5

⁷ In addition, Sweden exported military equipment to the United Nations in 2003 to the value of SEK 9.8 million.

	2001			2002			2003		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
Croatia	-	5.4	5.4	-	2.3	2.3	0	8.2	8.2
Czech Republic	1.5	0.08	1.6	2.5	0.45	3	1.2	0.8	1.9
Denmark	314.2	20.6	334.8	5.5	82.1	87.5	5.1	70.7	75.8
Estonia	0.0	4.4	4.4	0.0	3.8	3.8	4	1.3	5.4
Finland	22.9	32.6	55.5	60	20.4	80.4	205.2	47.5	252.7
France	1.3	85.5	86.9	99.6	379.7	479.3	66.9	550.1	617.1
Germany	10.2	225.5	235.7	13	204.6	217.6	9.2	432.2	441.4
Greece	116.9	5.6	122.4	1	1.7	2.7	0	22.7	22.7
Hungary	-	-	-	-	-	-	0	3.9	3.9
India	37.5	88.6	126.1	-	6.6	6.6	250.8	55.6	306.3
Indonesia	-	2.3	2.3	-	0.9	0.9	0	3.9	3.9
Ireland	5.5	12	17.5	3.8	5.8	9.5	34.3	3.3	37.6
Italy	5.2	11.2	16.4	4.3	7.9	12.2	3	59.6	62.8
Japan	0.4	23.3	23.8	0.2	1.6	1.8	1.6	1.3	2.9
Latvia	-	0.4	0.4	-	-	-	2.6	2.8	5.5
Lithuania	0.0	7.3	7.3	0.0	0.2	0.2	3.6	3.9	7.5
Malaysia	120.3	15.8	136.1	-	27.3	27.3	2	56.4	58.5
Mexico	55	-	55	128.3	128	256.3	53.2	187.6	240.8
Netherlands	0.0	32.2	32.2	2.5	48.1	50.6	0	10.8	10.8
New Zealand	3.4	2.1	5.5	-	3.8	3.8	0	3.4	3.4
Norway	122.9	234.4	357.3	28.8	139	167.8	24.6	131.6	156.2
Oman	-	1.7	1.7	-	0.3	0.3	0	0.3	0.3
Pakistan	5.9	9.7	15.6	-	1.3	1.3	0	20	20
Poland	-	0.2	0.2	0.07	0.2	0.3	1	28.7	29.7
Portugal	-	1.6	1.6	-	0.35	0.35	0	0.4	0.4
Republic of Korea	-	-	-	-	-	-	0	1	1
Russia				-	1.25	1.25	0	2.7	2.7
Saudi Arabia	-	2.2	2.2	-	1.2	1.2	0	0.7	0.7
Singapore	58.2	118	176.2	178	241.8	419.8	263.1	79.1	342.2
Slovenia	-	-	-	-	-	-	0	3.3	3.3
South Africa				0.65	357.7	358.3	1.1	474.4	475.5
Spain	0.07	55	55	0.4	11.8	12.2	0.3	17.6	17.9
Switzerland	37.8	26.4	64.2	272.4	88.7	361.1	1 310	102.2	1 412
Thailand	-	1.9	1.9	20.2	3.1	23.3	22.8	223.9	246.8
Tunisia	2.4	2.4	4.9	-	2	2	0	2.4	2.4
Turkey	-	1.4	1.4	-	2.6	2.6	0	2.6	2.6

	2001			2002			2003		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
United Arab Emirates	-	0.9	0.9	-	25.1	25.1	0	67.3	67.3
United Kingdom	28.2	70.7	98.9	1.5	66.8	68.3	237.4	189.4	426.9
USA	155.6	277.7	433.2	184.2	276.6	460.8	390.2	234.7	624.9
Venezuela	38.9	2.1	41	-	-	-	59.7	6.3	66
Vietnam				-	12.1	12.1	-	-	-
<i>Other countries</i>	<i>0.6⁸</i>	<i>2.7⁹</i>	<i>3.2</i>	<i>0.2¹⁰</i>	<i>3.4¹¹</i>	<i>3.6</i>	<i>0.2¹²</i>	<i>1.6¹³</i>	<i>1.8</i>
TOTALS	1,247	1,813	3,060	1,120	2,320	3,440	3,069	3,410	6,478

Since all the figures are given to one decimal place there may in some cases be a discrepancy between the total amount for the year and the MEC and OME subtotals.

Exports of military equipment totalling less than SEK 50,000 are recorded in table 6 a as MSEK 0.0.

⁸ Hungary, Iceland, Romania and South Africa

⁹ Argentina, Bulgaria, Hungary, Iceland, Mauritius, Namibia, New Caledonia, Peru, Republic of Korea, Russia, Slovenia and South Africa

¹⁰ Iceland and Hungary

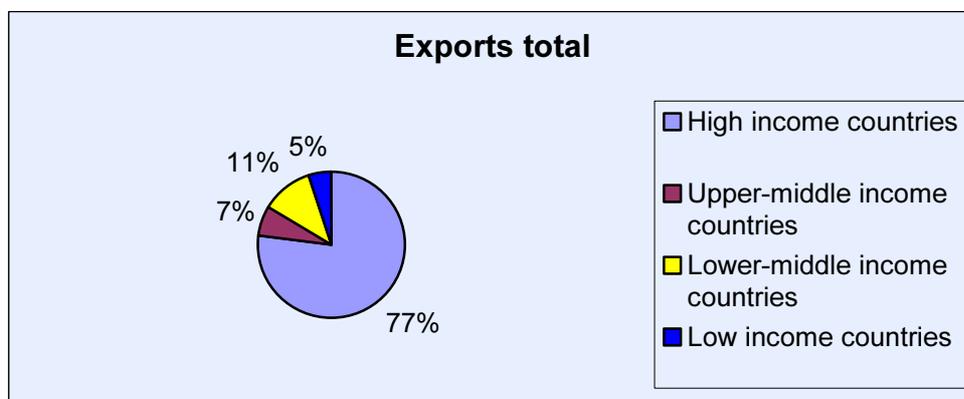
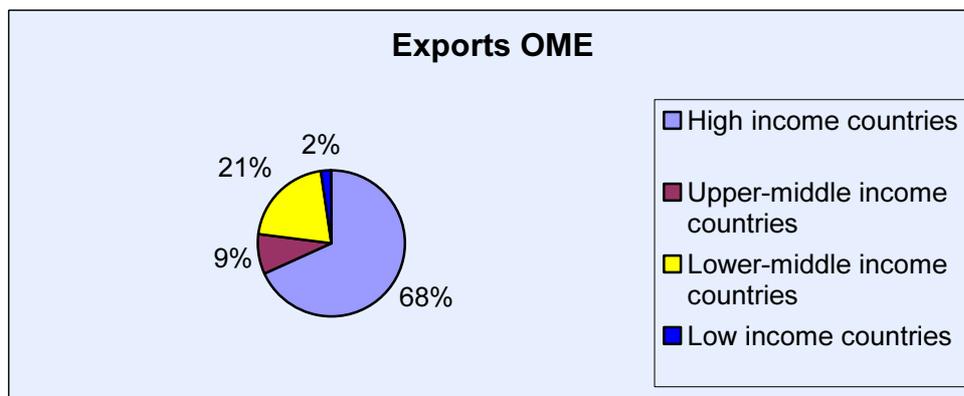
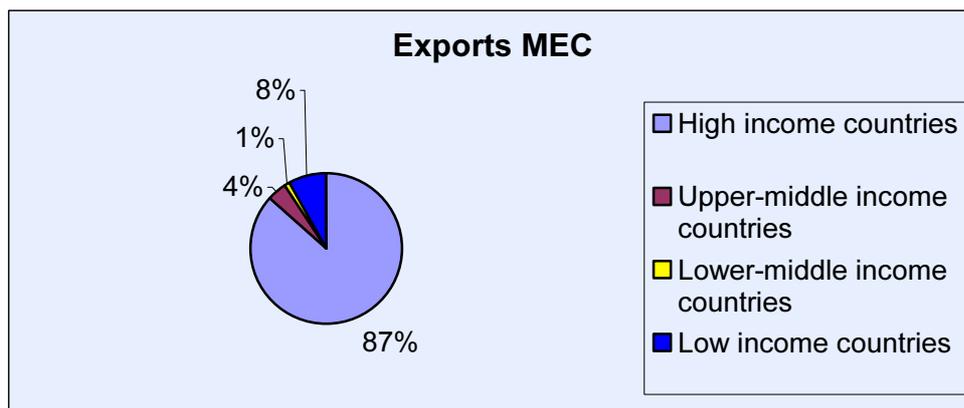
¹¹ Bulgaria, Hungary, Iceland, New Caledonia, the Republic of Korea, Romania, Slovakia, Slovenia and the UN.

¹² Iceland, Luxembourg and Ukraine.

¹³ Bulgaria, Ghana, Iceland, Kuwait, Mauritius, New Caledonia, Romania, Slovakia and Ukraine.

Table 6 b**Exports of military equipment in MSEK broken down by countries according to income**

The diagrams below relate to Sweden's total exports of military equipment broken down by the destination countries according to income. The country groupings are based on the World Bank's country classification by economic status. More information is available at www.worldbank.org.



In addition to the statistics on country exports in table 6 a, which only show whether the exported military equipment is Other Military Equipment (OME) or Military Equipment for Combat Purposes (MEC),

table 7 includes data broken down into the relevant types of equipment for each destination. As in table 2, the data are broken down into the main categories specified in the Military Equipment Classification. More detailed information on the content of each category will be found in Annex 1 to the Military Equipment Ordinance (1992:1303). As in table 2, the main types of products in the respective categories of equipment are listed. This means that one or more of the products, or subcomponents of them, in an equipment category were exported, but it does not mean that all the products in each category of equipment were exported.

Table 7. Exports of military equipment in 2003 by countries and the main categories specified in the Military Equipment Classification (MSEK)*

* The table lists the main types of products in the respective categories of equipment, which does not, however, mean that export licences were granted for all the products. For illustrative purposes, specific equipment information is given instead of the standardized main category descriptions in the case of a small number of countries.

Country	Main category to which exports relate (category number and type of product)		Value of exports (MSEK)
	MEC	OME ¹⁴	
Australia	3, 4, 5, 7 Ammunition, missiles, rockets etc., firing control equipment, gunpowder and explosives	22, 23, 24, 25, 28, 36, 37 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, surveillance vessels, manufacturing equipment, software	203.9
Austria	3, 6, 7 Ammunition, components for tear-gas products, gunpowder and explosives	22, 23, 24, 25, 29, 35, 36 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, aircraft and helicopters and related parts, training equipment, manufacturing equipment	158.5
Bahrain		25, 37 Parts for electronic systems, software	4
Belgium	3, 7 Ammunition, gunpowder and explosives	21, 22, 23, 25 Barrel weapons, ammunition, reconnaissance and measurement equipment	9.7
Brazil	2, 4, 7 Barrel weapons, missiles, rockets etc., gunpowder and	22, 24, 35 Barrel weapons, bombs, torpedoes etc. and training equipment	5.2

¹⁴ The various subcategories of equipment in the main categories MEC and OME may have the same designation; the designations are generic and relate to the type of equipment system. The content of the two categories is as follows.

MEC: Military equipment for combat purposes consists of destructive equipment, including sights for such equipment, and firing control equipment.

OME: Other military equipment includes parts and components for military equipment for combat purposes and equipment that is not directly destructive in a combat situation.

Country	Main category to which exports relate (category number and type of product)		Value of exports (MSEK)
	MEC	OME ¹⁴	
	explosives		
Bulgaria		21, 23 Sight attachments, hunting and sporting ammunition	0.3
Canada	3, 7 Ammunition, gunpowder and explosives	21, 22, 23, 25 Barrel weapons, ammunition, reconnaissance and measurement equipment	15.2
Chile	7 Gunpowder and explosives	22 Barrel weapons	3.5
Croatia		24 Sweeping equipment	8.2
Czech Republic	3, 7 Ammunition, gunpowder and explosives	23, 29 Ammunition, aircraft and helicopters and related equipment	1.9
Denmark	3, 7 Ammunition, gunpowder and explosives	21, 22, 23, 24, 25, 28, 29, 30, 35 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, surveillance vessels, materiel till aircraft and helicopters, vehicles and related equipment, training equipment	75.8
Estonia	3 Ammunition	23, 35 Ammunition, training equipment	5.4
Finland	2, 3, 4, 5, 6, 7, 10 Barrel weapons, ammunition, missiles, rockets etc., firing control equipment, components for tear-gas products, gunpowder and explosives, combat vehicles	21, 22, 23, 24, 25, 26, 30, 35, 36, 37 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, vehicles and related equipment, training equipment, manufacturing equipment, software	252.7
France	2, 3, 5, 7 Barrel weapons, ammunition, firing control equipment, gunpowder and explosives	21, 22, 23, 25, 29, 33, 35 Barrel weapons, ammunition, reconnaissance and measurement equipment, equipment for aircraft and helicopters, electronic equipment, training equipment	617.1
Germany	3, 5, 6, 7 Ammunition, firing control equipment, components for tear-gas products, gunpowder and explosives	21, 22, 23, 24, 25, 26, 27, 28, 30, 33, 35 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, explosives, surveillance vessels and related equipment, vehicles and related equipment, electronic equipment, training equipment	441.4
Ghana		26 Protective equipment	0.6
Greece		22, 25, 30 Barrel weapons, reconnaissance and measurement equipment, vehicles and related parts	22.7

Country	Main category to which exports relate (category number and type of product)		Value of exports (MSEK)
	MEC	OME ¹⁴	
Hungary	3, 7 Ammunition, gunpowder and explosives	23, 25 Ammunition, reconnaissance and measurement equipment	3.9
Iceland	3 Ammunition	23 Ammunition	0.1
India	2, 3 Barrel weapons, ammunition	22, 24, 30 Spare parts for barrel weapons, parts for bombs, torpedoes etc., vehicles and related parts	306.3
Indonesia		22 Spare parts for barrel weapons	3.9
Ireland	2, 3 Barrel weapons, ammunition	22, 23 Barrel weapons, ammunition	37.6
Italy	3, 7 Ammunition, gunpowder and explosives	21, 23, 24, 25, 29, 33, 35 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, aircraft and helicopters and related equipment, electronic equipment, training equipment	62.6
Japan	3 Ammunition	22, 23, 24, 35 Barrel weapons, ammunition, bombs, torpedoes etc., training equipment	2.9
Kuwait		21 Sight attachments	0.0
Latvia	3 Ammunition	23, 35 Ammunition, training equipment	5.5
Lithuania	3 Ammunition	22, 23, 35 Barrel weapons, ammunition, training equipment	7.5
Luxembourg	3 Ammunition		0.2
Mauritius	3 Hunting and sporting ammunition	23 Hunting and sporting ammunition	0.0
Malaysia	7 Gunpowder and explosives	21, 22, 23, 25 Barrel weapons, ammunition, reconnaissance and measurement equipment	58.5
Mexico	2, 3, 5 Barrel weapons, ammunition, firing control equipment	22, 25, 35, 37 Barrel weapons, reconnaissance and measurement equipment, training equipment, software	240.8
Netherlands		21, 22, 23, 25, 29, 35 Barrel weapons, ammunition, reconnaissance and measurement equipment, equipment for aircraft and helicopters, training equipment	10.8
Norway	3, 4, 7, 10 Ammunition, missiles, rockets etc., gunpowder and explosives, combat vehicles	21, 22, 23, 24, 25, 26, 28, 29, 30, 35 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, surveillance vessels, equipment for aircraft and helicopters, vehicles and related parts, training equipment	156.2
New Caledonia		23	0.1

Country	Main category to which exports relate (category number and type of product)		Value of exports (MSEK)
	MEC	OME ¹⁴	
(France)		Hunting and sporting ammunition	
New Zealand	3 Ammunition	22, 23 Barrel weapons, ammunition	3.4
Oman		25 Parts for reconnaissance and measurement equipment	0.3
Pakistan		24, 25, 36 Parts for bombs, torpedoes etc., parts for reconnaissance and measurement equipment, manufacturing equipment	20
Poland	3, 7 Ammunition, gunpowder and explosives	23, 25 Ammunition, reconnaissance and measurement equipment	29.7
Portugal	3 Ammunition	21, 23 Barrel weapons, ammunition	0.4
Republic of Korea		25 Parts for reconnaissance and measurement equipment	1
Romania		23 Hunting and sporting ammunition	0.1
Russia		21, 23 Air rifles, hunting and sporting ammunition	2.7
Saudi Arabia		23, 33, 35, 36 CISM ammunition, parts for electronic equipment, training equipment, manufacturing equipment	0.7
Singapore	3, 4, 5, 8 Ammunition, missiles, rockets etc., firing control equipment, warships	22, 24, 25, 26, 28, 35, 37 Barrel weapons, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, surveillance vessels and related equipment, training equipment, software	342.2
Slovakia		23 Ammunition	0.2
Slovenia		23, 25, 26 Ammunition, reconnaissance and measurement equipment, protective equipment	3.3
South Africa	7 Gunpowder and explosives	21, 23, 29 Air rifles, ammunition, parts for combat aircraft	475.5
Spain	3, 7 Ammunition, gunpowder and explosives	23, 25, 26, 30 Ammunition, reconnaissance and measurement equipment, protective equipment, vehicles and related parts	17.9
Switzerland	3, 5, 7, 10 Ammunition, firing control equipment, gunpowder and explosives, combat vehicles	21, 23, 25, 30, 33, 35, 36, 37 Barrel weapons, ammunition, reconnaissance and measurement equipment, equipment for vehicles, electronic equipment, training equipment, manufacturing equipment, software	1 411.8
Thailand	2, 3	22, 23, 25, 35	246.8

Country	Main category to which exports relate (category number and type of product)		Value of exports (MSEK)
	MEC	OME ¹⁴	
	Barrel weapons, ammunition	Barrel weapons, ammunition, reconnaissance and measurement equipment, training equipment	
Tunisia		24 Parts for bombs, torpedoes etc.	2.4
Turkey		23 CISM ammunition	2.6
Ukraine	3 Hunting and sporting ammunition	23 Hunting and sporting ammunition	0.1
United Arab Emirates		25, 28 Spare parts for reconnaissance and measurement equipment, surveillance vessels	67.3
United Kingdom	1, 3, 5, 7 Barrel weapons, ammunition, firing control equipment, gunpowder and explosives	21, 22, 23, 25, 29, 30, 33, 35, 36, 37 Barrel weapons, ammunition, reconnaissance and measurement equipment, aircraft and helicopters and related equipment, vehicles and related equipment, electronic equipment, training equipment, manufacturing equipment, software	426.9
United Nations (UN)		24 Sweeping equipment	9.8
USA	2, 3, 7 Barrel weapons, ammunition, gunpowder and explosives	21, 22, 23, 24, 25, 26, 27, 28, 29, 33, 35, 36 Barrel weapons, ammunition, bombs, torpedoes etc., reconnaissance and measurement equipment, protective equipment, explosives, surveillance vessels, equipment for aircraft and helicopters, electronic equipment, training equipment, manufacturing equipment	624.9
Venezuela	5 Firing control equipment	25 Reconnaissance and measurement equipment	66

25.6 The Armed Forces' exports of military equipment

The table shows the Swedish Armed Forces' exports of military equipment to the Baltic states in 2003. Since these exports consist of used equipment, no value has been given.

Country	Unit equipment for:
Estonia	1 rifle battalion 1 command company 1 engineers company
Latvia	1 rifle battalion 1 engineers company

Lithuania	1 engineers company 1 brigade medical company
-----------	--

25.7 Transfers of manufacturing rights, cooperation etc.

Five licences were granted in 2003 for the transfer of manufacturing rights to other countries. The countries concerned were the UK (2), Norway, India and the USA.

10 cooperation agreements were examined and authorized for joint development or production with the following countries in 2003: the UK, South Africa (2), Australia, Greece, USA (2) Singapore, France/Finland (1 joint licence for both countries) and Germany.

In assessments of cases involving the transfer of manufacturing rights or cooperation with foreign partners, the stricter criteria applied to exports of Military Equipment for Combat Purposes are applied irrespective of the type of export, because this kind of cooperation normally results in a lengthier commitment than in the case of regular exports. The scope of such agreements, their duration, reexport clauses etc. are examined in detail in these cases.

Under the Military Equipment Act (1992:1300), entities which have transferred manufacturing rights for military equipment to a party in a foreign country or have entered into a cooperation agreement with a foreign partner are required to report on an annual basis whether the agreement is still in force, whether production or other cooperation under such an agreement still takes place and how such cooperation is carried on. In 2003, 15 companies reported a total of 201 valid licensing and cooperation agreements in 28 countries relating to the year 2003.

25.8 Military-oriented training

Under the Military Equipment Act foreign subjects must not be given military-oriented training within or outside Sweden without the permission of the National Inspectorate of Strategic Products. One such permit – for the UK – was granted in 2003.

The prohibition does not apply to training that is related to sales of military equipment for which export licences were granted.

25.9 Reporting of ownership in foreign legal entities

Under the Military Equipment Act (1992:1300), companies that are authorized to manufacture or supply military equipment must submit annual reports on their ownership of foreign legal entities that are engaged in the development, production, marketing or sales of military

equipment. In 2003, 12 companies reported ownership in 45 foreign legal entities in 18 countries.

25.10 Exporting companies

Some 120 companies are authorized to manufacture military equipment, and 48 of these exported such equipment in 2003. The largest exporters of military equipment in 2003 were Alvis Hägglunds AB and Saab Bofors Dynamics AB, in that order. The value of each company's exports was over SEK 1 billion.

All the amounts in the table below are in MSEK.

	MEC	OME	Totalt
Alvis Hägglunds AB	1,347.8	291.2	1,638.9
Saab Bofors Dynamics AB	548.0	472.7	1,020.8
Ericsson Microwave Systems AB	380.5	567.4	947.8
SAAB AB, Saab Aerosystems	0	794.7	794.7
Saab Training Systems AB	0	432.7	432.7
FFV Ordnance AB	250.7	31.3	282.1
SaabTech AB	103.1	171.3	274.4
Kockums AB	104.2	127.8	232.0
Vanäsverken AB	148.2	3.0	151.2
Nexplo Bofors AB	112.3	0.3	112.6
Norma Precision AB	6.1	98.7	104.8
Bofors Defence AB	58.2	45.7	103.9
Volvo Aero AB	0	90.6	90.6
Swede Ship Marine AB	0	67.2	67.2
Saab Barracuda AB	0	65.7	65.7
SWS Defence AB	0	22.0	22.0
Cross Country Services AB (CC Services)	0	21.9	21.9
Polyamp AB	0	18.8	18.8
Scandinavian Demining Group AB	0	18.0	18.0
Nammo LIAB AB	0	13.8	13.8

The export sales of the following companies totalled MSEK 1-10: Nammo Vingåkersverken AB, Åkers Krutbruk Protection AB, Airsafe Sweden AB, AerotechTelub AB, Botnia Production AB, Aimpoint AB, C-ITS AB, Degerfors Formnings Deform AB, CNC-Process i Hova AB, New Pac Safety AB, Trelleborg Protective Products AB, Försvarets

materielverk, Transport Waltreco AB, Comtri AB and PartnerTech Karlskoga AB.

The export sales of the following companies were less than SEK 1 million in 2003: BEFYRAEM Service & Innovation AB (B4M), INM Mekaniska AB, Scania CV AB, Forsheda AB, Carbonia Composites AB, Karlskoga CNC Quality AB, FLIR Systems AB Imaging, Ekenäs Mekaniska AB, MSE (Micael Schmitz Elektronik AB), Sundström Safety AB, Lesjöfors Fjädrar AB and Norråkers Vapen AB (previously Glommertresk Vapen AB).

25.11 Employment and ownership structure in the Swedish defence industry

Most manufacturers of military equipment in Sweden are members of the Association of Swedish Defence Industries, which was established in 1986.

According to the latest statistics issued by the Association, the aggregate workforce of the member companies in 2003 was 22,162, 14,114 of whom were employed in their military equipment divisions. It should be noted that employment in the Swedish defence industry has not been taken into account in the assessment of exports of military equipment. This can be seen from the criteria set forth in the Swedish guidelines on exports of military equipment (Annex 3).

The pace of restructuring in Europe has accelerated in recent years, although it has not yet achieved the same level of concentration in this sector as in the USA, and it remains to be seen how far the European defence industry will move in that direction. The Swedish domestic defence industry has carried out a number of restructuring measures in the last few years, and its present ownership structure reflects the increased internationalization.

The ownership structure as regards the largest Swedish defence industry enterprises is currently as follows. The Swedish producer of military vehicles Alvis Hägglunds AB is 100% owned by the British company Alvis plc. Bofors Defence AB, which specializes in the development of weapon systems and ammunition, is 100% owned by the American defence group United Defense. The Swedish submarine and surface ship manufacturer Kockums AB is 100% owned by the German company Howaldtswerke Deutsche Werft AG. Saab AB, which includes a large number of business divisions, e.g. Saab Aerosystems, Saab Bofors Dynamics, Saab Ericsson Space, Saab Aviation Services, SaabTech (previously SaabTech Systems and Saab Avionics), Saab Barracuda, Saab Training Systems, Saab TransponderTech and Combitech Systems, is 35% owned by the British company BAE SYSTEMS and 20% by Investor (Investor's percentage of the votes is 36%), the remaining 45% being owned by a number of Swedish and foreign investors. The Saab group also includes the sales company Gripen International, which is responsible for foreign sales of the JAS 39 Gripen combat aircraft. Gripen International is 50% owned by Saab AB

and 50% by BAE SYSTEMS. As regards the explosives and ammunition manufacturers Nammo Sweden AB and EURENCO Bofors AB, Nammo Sweden AB is 100% owned by the Norwegian company Nammo A.S., which is itself 27.5% owned by Saab AB. EURENCO Bofors AB is 100% owned by EURENCO, a French company, which is itself 19.9% owned by Saab AB and 19.9% by the Finnish company Patria Industries Oy. Ericsson Microwave Systems AB, which develops and manufactures sensors and information networks, is 100% owned by the Swedish company Telefonaktiebolaget L M Ericsson. Lastly, Volvo Aero Corporation, an air engine manufacturer, is 100% owned by AB Volvo a Swedish company. The membership of the Association of Swedish Defence Industries also includes about ten small and medium-sized enterprises engaged in small-scale production of military equipment

26 Annex 2: Export controls of dual-use goods in 2003

It is not possible to present complete statistics on dual-use goods like those for military equipment, since the control of dual-use goods is based on the principle of freest possible trade, which means that controls are only applied in certain cases. It is, however, possible to report the number of applications for licences in various control areas. Table 1 shows the number of export licence applications relating to dual-use goods submitted to the ISP and their distribution among the multilateral control regimes. (See section 20 for further information on the export control regimes).

Table 1. Number of export licence applications relating to dual-use goods, 2001-2003

Applications for export licences	2001	2002	2003
Total	245	279	321
Wassenaar Arrangement	177	146	151
Missile Technology Control Regime	7	33	11
Nuclear Suppliers Group (Part 2)	14	9	10
Australia Group	47	91	149

Global licences can be granted for frequent exports of products to civilian buyers for non-military end use. The licences specify the country or countries for which they are valid. A general Community authorization was introduced by EG Regulation 1334/2000 (see section 19). It is applicable to exports to ten non-EU countries of most items that are exempt from EU controls. The Community authorization is one more expression of the consensus between the Member States as regards exports to these countries. General licences can also be issued at the national level and are 'open', like the Community export authorizations, i.e. no application is required. The ISP has issued a Regulation concerning these licences: ISP Regulation on General Export Licences, published in the Swedish Customs statute-book (TFS 2000:24). In 2002 national general licences were issuable for the purposes of repairs and demonstration with the exception of especially sensitive items. The latter are listed in the annex to the Regulation. The licence was issuable for exports to 50 named destinations. For all other purposes individual licences are issued for exports of dual-use goods.

Table 2 shows the number of preliminary inquiries submitted to the ISP during the period 2001-2003 regarding exports of dual-use goods and the number of denials and catch-all procedures during the same period (see sections 12 and 20). Skr. 2003/04:114

Table 2 Number of preliminary inquiries submitted, denials and catch-all procedures during the period 2001-2003

Year	2001	2002	2003
Number of preliminary inquiries submitted	25	43	43
Number of denials issued	6	2	2
Number of catch-all procedures	5	1	2

27 Annex 3: Swedish guidelines on exports of military equipment and other cooperation with foreign partners

Licences for exports of military equipment or for other cooperation arrangements with foreign partners involving military equipment should only be granted where such exports or cooperation:

1. are considered necessary to meet the Swedish armed forces' need of military equipment or know-how or are otherwise desirable for reasons of national security; and
2. do not conflict with the principles and objectives of Swedish foreign policy.

When considering an application for a licence, the Government shall make an overall assessment of all the relevant circumstances, taking into account the basic principles mentioned above.

There is no obstacle from the point of view of foreign policy to cooperation with, or exports to, the Nordic countries and the traditionally neutral countries of Europe. In principle, cooperation with these countries may be considered consistent with Sweden's security policy. As cooperation with the other Member States of the European Union develops, the same principles regarding cooperation with foreign partners and exports should be applied to these countries too.

Licences may only be granted to governments, central government agencies or government-authorized recipients, and an End User Certificate or an Own Production Declaration should be presented in connection with exports of military equipment. A state which, despite undertakings given to the Swedish Government, allows, or fails to prevent, unauthorized re-exportation of Swedish military equipment shall not in principle be eligible as a recipient of such equipment from Sweden as long as these circumstances persist.

Licences for exports or for other cooperation arrangements with foreign partners pursuant to the Military Equipment Act must not be granted if this would contravene an international agreement to which Sweden is a party, a Resolution adopted by the United Nations Security Council or provisions of international law concerning exports from neutral states during a war (absolute obstacles).

Licences for exports of military equipment or for other cooperation arrangements with foreign partners must not be granted where the recipient country is a state in which widespread and serious violations of human rights occur. Respect for human rights is an essential condition for the issuance of licences.

Licences for exports of Military Equipment for Combat Purposes or for other cooperation arrangements with foreign partners involving Military Equipment for Combat Purposes or Other Military Equipment should not be granted where the state in question is involved in an armed conflict with another state, regardless of whether or not war has been

declared, is involved in an international conflict that may lead to an armed conflict or is the scene of internal armed disturbances.

Licences should be granted for exports of equipment designated as Other Military Equipment provided that the recipient country is not involved in an armed conflict with another state, that it is not the scene of internal armed disturbances, that widespread and serious violations of human rights do not occur there and that no absolute obstacles exist.

A licence that has been granted should be revoked not only if an absolute obstacle to exports arises, but also if the recipient country becomes involved in an armed conflict with another country or becomes the scene of internal armed disturbances. Exceptionally, revocation of a licence may be forgone in the last two cases if this is consistent with international law and with the principles and objectives of Swedish foreign policy.

Licences should be granted for exports of spare parts for equipment previously exported under a licence, unless an absolute obstacle exists. The same applies to other supplies, for example of ammunition, linked to previous exports of equipment, or otherwise in cases where it would be unreasonable to refuse a licence.

As regards agreements with a foreign party on joint development or production of military equipment, the basic criteria mentioned above are to be applied when licence applications are considered. Exports to the cooperating country under the agreement should be permitted unless an absolute obstacle arises. If an agreement with a foreign party is linked to exports from the cooperating country to third countries, the question of such exports should, provided that the identity of the equipment concerned is predominantly Swedish, be considered in accordance with the guidelines for exports from Sweden.

As regards equipment with a predominantly foreign identity, exports from the cooperating country to third countries should be considered in accordance with the export rules of the cooperating country. If Sweden has a strong interest in cooperation for reasons of defence policy, and certain exports from the cooperating country are a condition for cooperation, exports to third countries may, depending on the circumstances, be allowed under the export rules of the cooperating country in other cases too.

In cases where cooperation on military equipment with a foreign partner is extensive and important to Sweden, an intergovernmental agreement should be concluded between Sweden and the cooperating country. The Advisory Council on Foreign Affairs should be consulted before such agreements are concluded.

28 Annex 4: The European Code of Conduct on Arms Exports

**EUROPEAN UNION
THE COUNCIL**

**Brussels, 5 June 1998
(OR.en)**

8675/2/98

EUROPEAN UNION CODE OF CONDUCT ON ARMS EXPORTS

THE COUNCIL OF THE EUROPEAN UNION,

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

RECOGNIZING the special responsibility of arms exporting states,

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

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

WISHING within the framework of the Common Foreign and Security Policy (CFSP) to reinforce cooperation and to promote convergence in the field of conventional arms exports,

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

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

RECOGNIZING that States have a right to transfer the means of self-defence, consistent with the right of self-defence recognized by the UN Charter,

HAS DRAWN UP the following Code of Conduct together with Operative Provisions:

CRITERION ONE

Respect for the international commitments of 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

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

- (a) the international obligations of Member States and their commitments to enforce UN, OSCE and EU arms embargoes;
- (b) the international obligations of Member States under the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention;
- (c) the commitments of Member States in the framework of the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group and the Wassenaar Arrangement;
- (d) the commitment of Member States not to export any form of anti-personnel landmine.

CRITERION TWO

The respect of human rights in the country of final destination

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

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

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

arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.

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CRITERION THREE

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

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

CRITERION FOUR

Preservation of regional peace, security and stability

Member States will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim.

When considering these risks, Member States will take into account inter alia:

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

CRITERION FIVE

The national security of the Member States and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries

Member States will take into account:

- (a) the potential effect of the proposed export on their defence and security interests and those of friends, allies and other Member States, while recognizing that this factor cannot affect consideration of the criteria on respect for human rights and on regional peace, security and stability; Skr. 2003/04:114
- (b) the risk of use of the goods concerned against their forces or those of friends, allies or other Member States;
- (c) the risk of reverse engineering or unintended technology transfer.

CRITERION SIX

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

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

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

CRITERION SEVEN

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

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

- (a) the legitimate defence and domestic security interests of the recipient country, including any involvement in UN or other peace-keeping activity;
- (b) the technical capability of the recipient country to use the equipment;

- (c) the capability of the recipient country to exert effective export controls;
- (d) the risk of the arms being re-exported or diverted to terrorist organizations (anti-terrorist equipment would need particularly careful consideration in this context).

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CRITERION EIGHT

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

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

OPERATIVE PROVISIONS

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

The decision to transfer or deny the transfer of any item of military equipment will remain at the national discretion of each Member State. A denial of a licence is understood to take place when the Member State has refused to authorize the actual sale or physical export of the item of military

equipment concerned, where a sale would otherwise have come about, or the conclusion of the relevant contract. For these purposes, a notifiable denial may, in accordance with national procedures, include denial of permission to start negotiations or a negative response to a formal initial enquiry about a specific order.

4. Member States will keep such denials and consultations confidential and not use them for commercial advantage.
5. Member States will work for the early adoption of a common list of military equipment covered by the Code of Conduct, based on similar national and international lists. Until then, the Code of Conduct will operate on the basis of national control lists incorporating where appropriate elements from relevant international lists.
6. The criteria in the Code of Conduct and the consultation procedure provided for by paragraph 3 of these Operative Provisions will also apply to dual-use goods as specified in Annex 1 to Council Decision 94/942/CFSP ⁽¹⁵⁾, where there are grounds for believing that the end-user of such goods will be the armed forces or internal security forces or similar entities in the recipient country.
7. In order to maximize the efficiency of the Code of Conduct, Member States will work within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of conventional arms exports.
8. Each Member State will circulate to other Member States in confidence an annual report on its defence exports and on its implementation of the Code of Conduct. These reports will be discussed at an annual meeting held within the framework of the CFSP. The meeting will also review the operation of the Code of Conduct, identify any improvements which need to be made and submit to the Council a consolidated report, based on contributions from Member States.
9. Member States will, as appropriate, assess jointly through the CFSP framework the situation of potential or actual recipients of arms exports from Member States, in the light of the principles and criteria of the Code of Conduct.
10. It is recognized that Member States, where appropriate, may also take into account the effect of proposed exports on their economic, social, commercial and industrial interests, but that these factors will not affect the application of the above criteria.

⁽¹⁵⁾ OJ L 367, 31.12.1994, p. 8. Decision as last amended by Decision 98/232/CFSP (OJ L 92, 25.3.1998, p. 1).

11. Member States will use their best endeavours to encourage other arms exporting states to subscribe to the principles of the Code of Conduct.
12. The Code of Conduct and Operative Provisions will replace any previous elaboration of the 1991 and 1992 Common Criteria.

Skr. 2003/04:114

ANNEX

Details to be notified

..... [name of Member State] has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country:

Short description of equipment, including quantity and where appropriate, technical specifications:

Proposed consignee:

Proposed end-user (if different):

Reason for refusal:

Date of denial:

29 Annex 5: Membership of multilateral export control regimes

Country	ZC	NSG	AG	MTCR	WA
Argentina	x	x	x	x	x
Australia	x	x	x	x	x
Austria	x	x	x	x	x
Belarus	-	x	-	-	-
Belgium	x	x	x	x	x
Brazil	-	x	-	x	-
Bulgaria	x	x	x	-	x
Canada	x	x	x	x	x
China	x	-	-	-	-
Cyprus	-	x	x	-	-
Czech Republic	x	x	x	x	x
Denmark	x	x	x	x	x
Finland	x	x	x	x	x
France	x	x	x	x	x
Germany	x	x	x	x	x
Greece	x	x	x	x	x
Hungary	x	x	x	x	x
Iceland	-	-	x	x	-
Ireland	x	x	x	x	x
Italy	x	x	x	x	x
Japan	x	x	x	x	x
Kazakhstan	-	x	-	-	-
Korea (Rep.)	x	x	x	x	x
Latvia	-	x	-	-	-
Lithuania	-	-	-	-	-
Luxembourg	x	x	x	x	x
Netherlands	x	x	x	x	x
New Zealand	-	x	x	x	x
Norway	x	x	x	x	x
Poland	x	x	x	x	x
Portugal	x	x	x	x	x
Romania	x	x	x	-	x
Russia	x	x	-	x	x
Slovakia	x	x	x	-	x
Slovenia	x	x	-	-	-
South Africa	x	x	-	x	-
Spain	x	x	x	x	x
Sweden	x	x	x	x	x
Switzerland	x	x	x	x	x
Turkey	x	x	x	x	x
UK	x	x	x	x	x
Ukraine	x	x	-	x	x
USA	x	x	x	x	x
TOTALT	35	40	33	33	33

(See section 20 for information on the export control regimes).

The European Commission is a member of the Australia Group and an observer member of the Nuclear Suppliers' Group and the Zanger Committee.

There were no changes in 2003.

30 Annex 6: International arms embargoes

The table below lists the international arms embargoes that were in force for the whole or part of 2003, their period of application and the decision under which the embargo was imposed and, in some cases, lifted.

International arms embargoes in 2003

COUNTRY	TYPE OF EMBARGO	PERIOD OF APPLICATION	REFERENCE
Afghanistan	UN embargo	The whole year	UN Security Council Resolution (UNSCR) 1333 (2000)
Armenia	UN embargo (non-binding)	The whole year	UNSCR 853 (1993)
	OSCE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno-Karabakh	The whole year	CSOOSCE (1992)
Azerbaijan	UN embargo (non-binding)	The whole year	UNSCR 853 (1993)
	OSCE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno-Karabakh	The whole year	CSOOSCE (1992)
Bosnia-Herzegovina	EU embargo (exemption for sweeping equipment)	The whole year	Common Position 1996/184/CFSP
	Exemption for transfers of small arms and light weapons to police forces	The whole year	Common Position 1999/481/CFSP
China (excluding Hongkong and Macao)	EU embargo	The whole year	European Council Declaration of 27 June 1989
Democratic Republic of the Congo (previously Zaire)	UN embargo	From 28 July 2003	UNSCR 1493 (2003)
	EU embargo	The whole year	Declaration 33/93 7 April 1993
	Exemption for transfers of sweeping equipment etc.	The whole year	Common Position 2002/829/CFSP
	Exemption for military equipment for personnel under FN command	From 29 September 2003	Common Position 2003/680/CFSP

COUNTRY	TYPE OF EMBARGO	PERIOD OF APPLICATION	REFERENCE
Iraq	UN embargo	The whole year	UNSCR 661 (1990)
	Sales of arms to the occupying powers exempt from the embargo imposed under UNSCR 661 (1990)	From 22 May 2003	UNSCR 1483 (2003)
	EU embargo	The whole year	Declaration 56/90 4 August 1990
	Exemption for military equipment for the occupying powers in Iraq	From 7 July 2003	Common Position 2003/495/CFSP
Liberia	UN embargo	The whole year	UNSCR 1343 (2001)
	12-month extension of provisions of paragraphs 5-7 of Resolution 1343 (2001)	From 6 May 2003	UNSCR 1478 (2003)
	Multinational force exempt from paragraphs 5a and 5b of Resolution 1343 (2001)	From 1 August 2003	UNSCR 1497 (2003)
	Support for UNMIL exempt from paragraphs 5a and 5b of Resolution 1343 (2001)	From 19 September 2003	UNSCR 1509 (2003)
	EU embargo	The whole year	Common Position 2001/357/CFSP
	2001/357/CFSP extended until 7 May 2004	From 19 May 2003	Common Position 2003/365/CFSP
	Exemption for military equipment for the multinational force	From 22 September 2003	Common Position 2003/666/CFSP
Libya	EU embargo	The whole year	Foreign ministers' declaration of 14 April 1986
		The whole year	Common Position 1999/261/CFSP
Myanmar	EU embargo	The whole year	General Affairs Council Declaration of 29 July 1991
	Exemption for equipment for humanitarian and protective measures	From 28 April 2003	Common Position 2003/297/CFSP
	Implementation of	From 20 June 2003	Common Position

COUNTRY	TYPE OF EMBARGO	PERIOD OF APPLICATION	REFERENCE
	Article 2 (2)		2003/461/CFSP
Rwanda	UN embargo	The whole year	UNSCR 918 (1994)
	Restrictions on sales of weapons to persons in neighbouring states if the weapons are to be used in Rwanda	The whole year	UNSCR 997 (1995)
	Exemption for transfers to Rwandan government via specified import routes	The whole year	UNSCR 1011 (1995)
Sierra Leone	UN embargo on transfers to non-governmental forces in Sierra Leone	The whole year	UNSCR 1171 (1998)
	Resolution 1171 (1998) not applicable to military equipment for use in Sierra Leone alone by UNASMIL cooperation partners and the government	The whole year	UNSCR 1299 (2000)
	EU embargo (exemption for transfers to Sierra Leone's government)	The whole year	Common Position 1998/409/CFSP
Somalia	UN embargo	The whole year	UNSCR 733 (1992)
	Certain exemptions from Resolution 733 (1992) for protective equipment for humanitarian purposes	The whole year	UNSCR 1356 (2001)
	Confirmation that the embargo also applies to technical advice and military assistance and training	The whole year	UNSCR 1425 (2002)
	EU embargo	The whole year	Common Position 2002/960/CFSP
Sudan	EU embargo	The whole year	Common Position 2004/31/CFSP
			Common Position 1994/165/CFSP
Zimbabwe	EU embargo	The whole year	/145/CFSP
	Extension of 2002/145/CFSP until 20 February 2004	From 18 February 2003	Common Position 2003/115/CFSP

C

Catch-all. This mechanism makes it possible to subject dual-use goods that are not included in the export control lists to export controls. An exporter must apply for an export licence if the export control authority has informed it that the item that it wishes to export may be intended for the production of weapons of mass destruction. The same applies where the exporter is aware that the item is intended for production of such weapons. This catch-all mechanism has been the basis of the EU's efforts to introduce catch-all rules in the various export control regimes.

The Chemical Weapons Convention. The UN Convention (CWC), which bans the production and use etc. of chemical weapons, entered into force on 29 April 1997. It provides for control of the chemical industry in order to prevent further production of chemical weapons. The Organization for the Prohibition of Chemical Weapons (OPCW), which is located in the Hague and now has 157 member states, is responsible for implementation of the Convention.

Cryptography. Principles and techniques used to convert data in order to hide the information contained in a message, verify its authenticity, prevent it being covertly altered, ensure non-repudiation of data and prevent unauthorized use.

Crypto key. A parameter used to convert, validate, authenticate, encrypt or decrypt data.

D

Denial. Refusal to grant permission for a company's exports of military equipment to a particular country. Permission may be refused, for example, because of the potential threat to human rights in the recipient country or risks to regional peace, stability and security. Members of multilateral cooperation structures are expected to inform co-members of denials.

E

Export control regimes. There are currently five such regimes: the Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Wassenaar Arrangement (WA) and the Missile Technology Control Regime (MTCR). Their objective is to identify goods and technologies that should be made subject to export controls, to exchange information about proliferation risks and to promote non-proliferation in contacts with countries that do not belong

Export licences. When applying for export licences companies state the amount for which a contract has been concluded with another country. Usually, deliveries then continue for several years and seldom start in the same year as the contract was concluded. Therefore, the goods covered by export licences are not the same thing as actual deliveries; they merely indicate how large orders Swedish companies won in the international market in a given year.

I

Intangible transfers. Transfers of software or technology with the help of electronic media, telefax or telephone from one country to another.

N

Non-proliferation. Measures that are taken in various international (multilateral) forums in order to prevent the proliferation of weapons of mass destruction. The main results of these measures are a number of international agreements and cooperation in several export control regimes.

No undercut. When a denial is issued, the other members of the multilateral regime are expected to consult the issuing state if they are considering an application for an export licence in respect of a similar transaction. The purpose of this is to make sure that the refused buyer does not try to find a supplier another country and that countries' export controls do not lead to competitive distortions.

O

Outreach. Activities designed to raise awareness, provide information or services to citizens or interest individuals or organizations in a specific cause .

P

Peer review. Evaluation of an activity by equals or experts in the same field.

W

Weapons of mass destruction. Nuclear, biological and chemical weapons. Efforts to prevent the proliferation of weapons of mass destruction also address certain weapon carriers such as long-range ballistic missiles and cruise missiles.

Workshop. A brief educational programme for a relatively small group of people in a given field that emphasizes participation.

32 A guide to other sources

Further information about the subject matter of this Communication can be found on the websites listed below. Most of these belong to organizations outside the Government Offices. Consequently, the Government Offices are not responsible for the content or accuracy of the information contained in these websites. The references listed below should therefore be regarded as an optional guide for interested readers.

The Australia Group (AG)	www.australiagroup.net
The Export Control Council	www.isp.se/km/kmekr.htm
The European Union (EU)	www.europa.eu.int
The United Nations (FN)	www.un.org
The National Inspectorate of Strategic Products (ISP)	www.isp.se
Lagrummet – joint website for Swedish public sector legal information	www.lagrummet.gov.se
The Missile Technology Control Regime (MTCR)	www.fas.org/nuke/control/mtr
The Nuclear Suppliers Group (NSG)	www.nsg-online.org
The Organization for Economic Co-operation and Development (OECD)	www.oecd.org
The Stockholm International Peace Research Institute (SIPRI)	www.sipri.se
The Swedish government	www.regeringen.se
The Swedish Parliament	www.riksdagen.se
The Ministry for Foreign Affairs	www.ud.se
The Wassenaar Arrangement (WA)	www.wassenaar.org
The World Bank	www.worldbank.org

Extract of the minutes of the Cabinet Meeting held on 11 March 2004

Present: Minister Marita Ulvskog, chair, and Ministers Freivalds, Sahlin, Pagrotsky, Messing, Engqvist, Lövdén, Ringholm, Bodström, Sommestad, Karlsson, Lund, Andnor, Johansson, Hallengren, Björklund, Holmberg, Jämtin

Rapporteur: Minister Lund

The Government adopts Communication 2003/04:114, *Strategic export controls in 2003 – military equipment and dual-use goods*