

# Government Communication

## 2011/12:114



Strategic Export Control in 2011 – Military  
Equipment and Dual-Use Products

Skr.  
2011/12:114

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The Government hereby presents this Communication to the Riksdag.

Stockholm, 15 March 2012

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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 products in 2011. The Communication also contains a presentation of actual exports of military equipment in 2011. Furthermore, it describes the co-operation in the EU and other international forums on matters relating to strategic export controls on both military equipment and dual-use products.

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## 1 The Government Communication on Strategic Export Control

This is the twenty-seventh year that the Government is reporting on Sweden's export control policy in a Communication to the Riksdag. The first Communication was presented in 1985. Sweden was at that time one of the first countries in Europe to present transparent reports on the preceding year's activities in the export control sector. The aim has always been to provide a basis for wider discussion of issues related to export controls and non-proliferation of military equipment and dual-use products.

Over the years, a great deal has happened vis-à-vis the contents and design of the Communication. Previously, the Communication was a brief summary of Sweden's exports of military equipment. The annexed tables gave a general picture of the latest statistics, but they contained no detailed explanations. Today, the Communication is a rather detailed report on Swedish export control policy as a whole. More statistics are available today thanks to an increasingly transparent policy and more effective information processing systems. The Government seeks ever-greater openness in the area of export control. At the request of the Government, the Swedish Agency for Non-Proliferation and Export Controls (ISP) and the Swedish Radiation Safety Authority (SSM) have contributed broader material for the Communication.

The Communication consists of three principal parts and a set of annexes. The first principal part contains an introduction and summary of the year's activities (sections 1–3). The second deals with the implementation of export controls in Sweden (sections 4–8). The third part reports on international co-operation (sections 9–21). Annexes 1–5 include statistics on Sweden's exports of military equipment and dual-use products and the relevant Swedish and European regulatory frameworks.

The Swedish Agency for Non-Proliferation and Export Controls (ISP) gives its view on important trends in Swedish and international export control in Annex 2.

## 2 Exports of military equipment and dual-use products in 2011

The multilateral agreements and instruments relating to disarmament and non-proliferation are important results of the international community's efforts towards disarmament and prevention of the proliferation of weapons of mass destruction and uncontrolled trade in other weapons. However, there is also a need for strict and effective export controls to

achieve the declared objectives. Export controls are therefore a key instrument for individual governments when it comes to meeting their international obligations with respect to non-proliferation.

Although the regulations regarding dual-use products are now guided by EU law, export controls are exercised on a national basis. Sweden is under an obligation to make sure that its export controls are responsible and reliable. Efforts to effectively prevent proliferation must be pursued at different levels and in different international forums. Sweden is active both in the multilateral export control regimes and at the EU level to further strengthen export controls.

Since 1994, common European legislation has applied to exports of dual-use products in all EU member states.

In 2102, a review of the EU's Common Position on Arms Exports (in accordance with Article 15 of the Position on Arms Exports) will be conducted. The preparatory work for this review started in 2011. The Common Position was adopted in 2008 (Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment. OJ L 235, 13.13.2008, p. 99). The Common Position provides member states with the conditions for a more convergent application of their national legislation in this area. Member states can have their own, stricter guidelines.

In 2009, the EU adopted a directive aimed at harmonising the guidelines for moving defence-related products within EU states – the “ICT directive” (Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community, EUT L 146, 10.6.2009, p. 1–36). In the Gov. Bill *Implementing the directive on transfers of military equipment* (prop. 2010/11:112) the Government proposed changes to legislation (1992:1300) in the Military Equipment Act regarding military equipment, with the aim of implementing the ICT directive. The proposed amendments were adopted by the Riksdag (Command Paper 2010/11:UU3, Gov. Comm. 2010/11:261). On 9 June 2011 the Government promulgated the amendments. That same day the Government approved changes to the Ordinance (1992:1303) regarding military equipment with the purpose of implementing the ICT directive. These amendments will come into effect on 30 June 2012.

The Government presented a bill on 15 December 2011 to approve the Convention on Cluster Munitions (CCM). The Convention aims to stop the use of cluster munitions and address the difficult humanitarian problems caused by this type of munitions. The Convention centres on the prohibition against using, developing, producing or in any other way acquiring, storing, keeping or transferring cluster munitions. A Riksdag vote on the issue is expected to be taken in March 2012. The Convention could come into effect in Sweden in the autumn of 2012.

### **Military equipment**

Controls on exports of military equipment are necessary to ensure that the products exported from Sweden go to approved countries. 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. Applications shall be considered in accordance with the Swedish guidelines for arms exports and the criteria within the EU common position on arms exports.

Details of Sweden's exports of military equipment are thus presented in the annexes. Figures for recent years are also included. Individual sales and deliveries of large systems can cause considerable fluctuations in the annual statistics. The information in the Communication is based on data for 2011 that companies and authorities exporting military equipment are required by law to report annually and that have been compiled by the Swedish Agency for Non-Proliferation and Export Controls (ISP). In this Communication, the terms defence equipment and military equipment are considered synonymous.

In all, 63 countries received deliveries of Swedish military equipment in 2011. Of these 63 countries, five (5) received delivery of hunting and sports-shooting ammunition alone.

The value of actual export deliveries of military equipment in 2011 was SEK 13.9 billion. Total exports were largely unchanged compared with 2010 (approximately SEK 13.7 billion). The largest single destination country for Swedish military equipment in 2011 was Thailand (SEK 3.0 billion), followed by Saudi Arabia (SEK 2.9 billion), India (SEK 1.0 billion), Pakistan (SEK 862 million) and the United Kingdom (SEK 754 million). Exports to Thailand were primarily the JAS 39 Gripen aircraft and the airborne surveillance radar system (ERIEYE). Exports to Saudi Arabia were comprised primarily of the ERIEYE surveillance radar system. Most of the exports to India and Pakistan were follow-on deliveries to earlier supplied systems.

The group of "largest recipient countries" varies from year to year. This can be explained by the fact that large single orders or deliveries can have a very sharp impact on statistics.

The value of the exports for which licences were granted in 2011 was SEK 10.9 billion, corresponding to a decrease of approximately 18 per cent compared with 2010. The value of the export licences granted can vary greatly from year to year.

For further details and comments, see annexes 1 and 2.

### **Dual-use products**

Export controls of dual-use products (DUP) aim to prevent the proliferation of products that are manufactured for civilian use but that could be misused to produce weapons of mass destruction and/or military equipment. Clear regulations and effective export controls are decisive in preventing exports of this kind. In recent years, the fight against terrorism has sharpened the focus on export controls.

Co-operation on export controls of DUP takes place mainly through a number of international bodies: the multilateral export control regimes. Within these regimes, there is regular discussion regarding which products and technologies should be controlled and which states may be sensitive from the point of view of non-proliferation. The threat of

terrorism and the increasing globalisation of the world economy have further demonstrated the need for deeper co-operation on export controls across national boundaries. Work in the following multilateral export control regimes continued in 2011: the Australia Group (AG), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG), the Wassenaar Arrangement (WA), and the Zangger Committee (ZA). A number of EU member states are still not members of some of the export control regimes. The EU has continued to act in favour of these countries becoming members of the export control regimes.

In the EU export control work relating to DUP occurs in the Working Party on Dual-Use Goods (WPDU) working group. In September 2011, the European Parliament adopted the Commission's 2008 proposal on new general export licenses. These come into effect in January 2012.

In 2011, the Commission presented in a so-called "green book" a proposal for a review of the EU's export control system for DUP. The referral bodies include representatives from the public and private sectors. The work will continue in 2012, and the purpose is that the Commission, based on its suggestions and opinions that have been submitted by the referral bodies, develop a proposal for changes to the DUP regulations.

### 3 Information activities

Information activities relating to the trade in military equipment and dual-use products are undertaken at the national and international levels. This Communication represents one part of efforts to achieve greater transparency in this area. It is published in Swedish and English and is available on websites, including *www.regeringen.se* and *www.isp.se*.

Preparations are also being made within the EU for an annual report on member states' exports of military equipment and their control that will act as an important instrument in increasing transparency at the European level. Sweden is working to see that this report, which is published in the Official Journal of the European Union (OJEC), be continuously improved and expanded. The latest report was published in OJ C 382, 30.12.2011, 13.1.2011, p. 1, (see website:

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:382:0001:0470:en:PDF>).

To promote access to information in this area at the international level, the Government helps fund the statistics and information activities of the Stockholm International Peace Research Institute (SIPRI). Among other things, SIPRI has built up a database containing information on national and international export control regimes and export statistics. The database is available on the Internet at *www.sipri.org*. The Swedish Agency for Non-Proliferation and Export Controls (ISP) and the Swedish Radiation Safety Authority (SSM) work nationally to disseminate information about export controls to companies and the general public. These authorities also make available up-to-date regulatory frameworks and lists of both military equipment and dual-use products on their websites *www.isp.se* and *www.ssm.se*. In order to increase transparency

in connection with exports of military equipment, the ISP now publishes monthly reports on export licences granted for military equipment. In 2011, the ISP continued to organise seminars and information meetings, primarily for industry executives but also for banks and financial institutions. Skr. 2011/12:114

## 4 Swedish exports, export controls and efforts to promote exports

According to the Military Equipment Act (1992:1300), export controls cover the manufacture, supply and export of military equipment, as well as certain agreements on rights to manufacture military equipment, etc. Under the same Act, a licence is required to carry out training with a military purpose. The Act covers weapons, ammunition and other materiel designed for military use, which constitutes military equipment in accordance with regulations issued by the Government.

Export controls of DUPs (dual-use products) and of technical assistance in connection with these products, are provided for in the Act (2000:1064) concerning Control of Dual-Use Products and of Technical Assistance. The latest amendments to the Act came into force on 1 August 2010 (SFS 2010:1017). The Act contains supplementary provisions to the Council Regulation (EC) No. 428/2009 setting up a Community regime for the control of exports, transfer, brokering and trans-shipment of dual-use products.

### 4.1 Questions regarding military equipment

For defence, security and foreign policy reasons, Sweden has decided to permit exports of military equipment to a certain extent.

The Swedish regulatory framework consist of the Military Equipment Act (1992:1300), with the appurtenant Ordinance (1992:1303), and the Swedish Government's guidelines on exports of military equipment, which have been approved by the Riksdag. As an independent authority, the Swedish Agency for Non-Proliferation and Export Controls (ISP) is tasked with considering applications for export licences in accordance with these rules.

However, it is not enough for Sweden to design and apply export controls at the national level. To prevent undesirable proliferation of arms, it must also take an active part in international co-operation in this area.

Opportunities for openness and co-operation have improved considerably over the past 20 years. For example, the EU member states agreed in 1998 on a politically binding Code of Conduct on Arms Exports. The Code of Conduct was revised in 2004 and 2005 to further reinforce it as an instrument for export control. The Code of Conduct was adopted as a Common Position at the end of 2008. The Common Position is applied together with the Swedish national guidelines when the ISP

makes its assessment of licence applications. During 2009, agreement was reached in the EU and a decision made on a directive on the simplification and harmonisation of licensing for transfers of defence-related equipment within the European Union (directive 2009/43/EC of the European Parliament and Council – the ICT directive). The Directive has been entered into Swedish law and the amendments will come into effect on 30 June 2012.

Implementation of the ICT directive has, for example, entailed the control of technical assistance, that the EU's military list replaces the current Swedish military equipment list and implementation of the specific types of export licenses (Bill 2010/11:112, Command Paper 2010/11:UU3, Gov. Comm. 2010/11:261).

In the Parliamentary Committee on Foreign Affairs report 2010/11:UU3, the Riksdag expressed the opinion that the Government should submit a proposal to the Riksdag for new military equipment legislation aimed at sharpening export controls to non-democratic states.

The Government is of the opinion that it is natural to continuously review the export controls. Therefore, the Government started a process in 2011 with the intention of submitting a proposal to the Riksdag for new military equipment legislation aimed at sharpening export controls to non-democratic states. The ambition is to appoint an inquiry in the spring of 2012.

### **A security policy perspective on the defence industry and the role of exports**

Sweden's security is built in solidarity with others and is strengthened through measures that engender trust, through joint crisis management and active and credible contributions to Nordic, European and global security. Such collaboration is carried out with civilian and military means. The new security and defence policy realities also necessitate collaboration on defence equipment supplies. The former principle of self-sufficiency regarding equipment for Sweden's defence has been replaced by a growing need for co-operation with like-minded states and neighbours. In many cases it is more important that Sweden has equipment that is interoperable with partner countries' equipment, that it is technologically mature, functionally secure and available than that it has the highest technological performance. The acquisition of military equipment is governed by the principles in the bill "*A functional defence*" (Gov. Bill 2008/09:14).

It is in Sweden's security interest to maintain long-term and continuous co-operation with our traditional partner nations. This mutual co-operation is based on both exports and imports of military equipment.

Foreign and security policy interests include Sweden's ability to contribute to international peace and security through effective participation in international peace-promoting activities, in which a general similarity between our systems and those of our foremost partners enhances operational efficiency.

Equipment procurement, both in Sweden and in other countries, is currently based on 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. An internationally competitive technological level helps Sweden maintain its status as an attractive international co-operation partner. According to the principles for supplying equipment for Swedish defence that the Government specified in the bill “*A functional defence*” (Gov. Bill 2008/09:140), maintenance and upgrading of existing equipment shall be prioritised over new procurement if it is financially defensible and operational requirements can be achieved. Where new procurement is necessary, this shall primarily involve fully developed and tested equipment already available in the market. Development efforts should only be undertaken where needs cannot be met using existing equipment or equipment available in the market. In accordance with the Budget Bill for 2011 (Gov. Bill 2010/11:1), participation in international co-operation that serves to identify common solutions for the maintenance and procurement of equipment available in the market should increase. Internationally competitive technology also strengthens opportunities for Sweden in an international co-operation context to influence the international export control co-operation. This applies especially to the EU, but also in a broader international context.

Sweden participates in various cooperative projects conducted by the European Defence Agency (EDA). Among other things, Sweden has worked to influence the EDA’s measures to establish prerequisite conditions through, for example, the implementation and further development of the capacity development plan, a research and technology development co-operation, the strategy for international equipment co-operation and the European defence industry strategy.

By participating in the Six-Nation Initiative between the six largest industrial countries in Europe (Framework Agreement/Letter of Intent, FA/LoI), Sweden can influence the development of defence industry and defence export policies in Europe. In the long run, this will affect the emerging EU common defence and security policy both directly and indirectly.

Co-operation on multilateral frameworks generates returns in terms of resource utilisation in a European perspective and in improving and further enhancing European and trans-Atlantic capacity for coordination. In this context, the EDA and the NATO/Partnership for peace co-operation are fundamental alongside the FA/LoI and Nordic collaboration.

### **Previous decisions taken by the Government and the Riksdag**

The decision regarding the focus of defence policy for 2005–2007 entailed the Government being authorised – for the purpose of promoting exports or security through international co-operation – to transfer or make available equipment not necessary to the Swedish Armed Forces’ operational capacity or that can otherwise be spared for a limited time (Gov. Bill 2004/05:05, Report 2004/05:FöU5, Government Communication 2004/05:143).

In its bill “A *functional defence*” (Gov. Bill 2008/09:140), the Government makes the assessment that export promotion activities should continue to be used as means of promoting a cost-effective supply of equipment. A basic condition for the state’s exports is that these be approved by the ISP. Skr. 2011/12:114

### **Export promotion**

In its bill “A *functional defence*” (Gov. Bill 2008/09:140) the Government argued that the military defence forces need modern defence equipment that is cost efficient from a lifecycle perspective. One way of achieving this is through the continued promotion of defence products and military technology for civilian applications.

In the event that the Government has or will reach decisions regarding the development of defence equipment, export promotion should be implemented. A basic condition for government export promotion is, as previously mentioned, that exports are approved by the ISP. Export opportunities can also be considered and brought forward in various international forums, such as within the framework of the EDA, the Six-Nation Initiative and other international collaboration efforts when judged resource efficient from a lifecycle perspective.

As the Government also argued in Gov. Bill 2008/09:140, from an industrial perspective, increased exports can be necessary if companies are to maintain and develop technology and expertise. To date, exports of defence equipment or services not also ordered by Swedish authorities have been uncommon. However, the situation has changed with the trend towards greater foreign ownership of defence industry operations in Sweden. The industry may seek to develop and produce equipment not expected to be used by the Swedish Armed Forces.

On 1 August 2010 the new Swedish Defence and Security Export Agency (FXM) was established. The Agency is responsible for the national promotion of exports for the defence industry and for sales of surplus equipment. In practice, the Agency assumes the duties of the former Defence Materiel Administration (FMV) that was previously responsible for the promotion of exports.

The Government takes the view that exports of defence equipment are a prerequisite for the cost-efficient supply of equipment to the Swedish Armed Forces. Consequently, operations to promote exports form a part of the Swedish defence and security policy.

The purpose of the establishment of the Swedish Defence and Security Export Agency is to contribute to a clearer division of responsibility within the Government and to provide a clear interface for companies. The establishment is also intended to improve transparency of the authority’s activities.

**Non-proliferation policy and export control**

The multilateral agreements on disarmament and non-proliferation of weapons of mass destruction are central international instruments for the protection of peace and security in the world. They 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, as mentioned previously, there is also a need for strict and effective export controls in order to achieve the declared objectives.

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.

**Dual-use products**

Dual-use products (DUP) are goods that are produced for legitimate civil uses, but can also be used for military purposes, for example, for the production of weapons of mass destruction and military equipment. The international community has in recent decades developed various co-operation arrangements for the purpose of limiting the proliferation of these products. Within the multilateral export control regimes, control lists have been developed establishing which products shall be subject to licensing. A basic reason for the requirement of such controls is that some countries have developed weapons of mass destruction programmes despite having signed international agreements prohibiting such activities. Such countries in question have often acquired the necessary capacity by importing civilian products that can be used for military purposes. History shows that countries that acquire military capacity by using civilian products have imported those products from exporting countries that were not aware that they were contributing to the development of, e.g. weapons of mass destruction. Often the same purchase request is sent to companies in different countries. Previously, one country could refuse an export licence while another country granted it. Consequently, there was an obvious need for closer co-operation and information-sharing between producer countries. This need prompted the establishment of the export control regimes. The need for more rigorous control has been underscored in recent years by the threat of terrorism.

The inclusion of a product in a control list does not automatically mean that exports of that product are prohibited. Rather, the listing indicates the product is sensitive. In the EU, the control lists adopted by the various regimes are incorporated into the Annex 1 to Council Regulation (EC) No. 428/2009 and constitute the basis for decisions for granting or denial of export licences.

The multi-lateral export control regimes, like the EU Regulation, also use a mechanism that makes it possible to control products that are not included in the lists, in the event of it coming to the knowledge of the

exporter or the licensing authorities that the product is or may be intended for use in connection with the production, etc., of weapons of mass destruction or for military purposes. This is known as a *catch-all* mechanism (see Section 17), and it can also be found in the multilateral export control regimes.

Much of the work within the EU and the regimes consists of extensive information activities, both internal and in the form of external outreach activities directed at domestic industry and at other countries, on the need for export control and developing export control systems.

## 5 Sweden's defence industry – structure and products

### **Background and development**

The Swedish defence industry developed to its present size and competence during the Cold War. Sweden's neutrality policy, as formulated after the Second World War, required strong armed forces, which in turn required a strong national defence industry. The ambition was maximum independence from foreign suppliers. The defence industry became an important part of Swedish security policy.

Many defence companies are members of the Swedish Security and Defence Industry Association (SOFF). SOFF currently comprises 62 member companies, of which 49 are small and medium-sized companies (SME). SOFF member companies account for 96 per cent of Sweden's sales in this area. SOFF holds the Swedish membership in the European AeroSpace and Defence association (ASD). Two other associations also exist in Sweden: SME-D (small and medium-sized companies in the defence sector) and the Swedish Association of Civil Security (SACS), which operate in the field of public security. Over the past 15–20 years, the defence companies have undergone extensive restructuring in parallel with the Swedish Armed Forces' development from invasion defence to operational defence. For the defence companies, this development has entailed a considerable reduction in the Swedish market.

For the Government, it has been important to maintain Swedish competence and capacity, which has resulted in sizeable international operations and considerable exports of goods and services. The Swedish security and defence companies have acquired a favourable reputation as world-leading product suppliers – even to countries with established industries of their own.

Among these companies, Saab holds a dominant position, being responsible for close to 50 per cent of the companies' total sales. A major change was the merger between Saab and Celsius in 2000, whereby aircraft, robot and avionic manufacturing were concentrated at Saab, while artillery activities, including intelligent ammunition, were transferred to BAE Systems. Saab's acquisition of Ericsson Microwave

Systems and its unique radar and sensor activities have reinforced the picture of Saab as a complete supplier of defence and security systems. On the naval side, both surface ship and submarine development has been concentrated at Kockums. Ammunition manufacturing is conducted by Nammo Sweden.

On the vehicle side, BAE Systems has acquired a leading position in the field of combat and tracked vehicles, not least by the sale of Combat Vehicles 90 to Sweden, Denmark, Finland, Norway, Switzerland and the Netherlands.

Sweden has an advanced defence industry that is complemented by a large number of small and medium-sized enterprises, which are important sub-contractors but which also develop and sell their own civil and military products and services directly to end customers within Sweden.

### **Sectors**

Prominent sectors among Sweden's defence and security companies today are:

- Combat aircraft; manned and unmanned,
- Surface vessels and submarines built with stealth technology,
- Combat vehicles, tracked vehicles,
- Short and long-range weapons systems; land, sea and air-based,
- Small-bore and big-bore ammunition,
- Smart artillery ammunition,
- Land and sea-based and airborne radar and IR systems,
- Telecommunications war systems; passive and active,
- Telecommunications systems, including electronic countermeasures,
- Command and control systems for land, marine and air applications,
- Systems for exercise and training,
- Signal adaptation (e.g. camouflage systems and radar),
- Public security systems,
- Aircraft engines,
- Gunpowder and other pyrotechnical material,
- Services and consultancy operations, and
- Support systems for operation and maintenance.

It may be worth noting that of the total sales of the defence companies (SOFF companies), 57 per cent consist of military goods and services and 43 per cent of civilian/commercial (*dual-use*) goods and services. Exports account for 59 per cent of total sales.

### **Ownership structure**

The ownership structure of the Swedish defence companies has changed in parallel with the rationalisation and consolidation of the defence

industry. Today, all of the companies are privately owned and many are listed on the stock market. Skr. 2011/12:114

International ownership has increased over the years. According to SOFF, this has been perceived favourably by the companies, since expertise and development remains Swedish, while new opportunities have been gained in the international market and through co-operation with the new owners. Among the larger companies, BAE Systems plc., through its company in the United States, BAE Systems Inc., owns companies in Örnsköldsvik, Karlskoga, Stockholm and Linköping, which are organised within BAE Systems' Global Combat Systems business area. BAE Systems plc. also owns 10.2 per cent of Saab. Kockums is owned by the German company ThyssenKrupp Marine Systems. Nammo Sweden is owned by the Norwegian Nammo A/S, Logica Sverige by the British Logica CMG and 3M Svenska AB (formerly Peltor) is part of Aearo, which is owned by American 3M. Among the SME companies, private Swedish owners dominate.

## 6 Swedish exports of dual-use products

It is difficult to provide an overall picture of industries that work with DUPs in Sweden, since a considerable share of products are sold in the EU market or exported to markets covered by the EU's general export licences. The principal rule is that no licence is required for transfer to another EU member state. The general license (EU001) applies with some exceptions to all products in Annex I of the Council Regulation (EC) No. 428/2009 (DUP Ordinance) regarding export to Australia, Japan, Canada, New Zealand, Norway, Switzerland and the United States.

In September 2011, the European Parliament adopted five new general licenses which will be introduced after EU001 in Annex II in the DUP Council Regulation. The five new licenses have the following titles:

- EU002 – Export of certain dual-use items to certain destinations (Argentina, Croatia, Iceland, South Africa, South Korea and Turkey)
- EU003 – Export after repair/replacement (Albania, Argentina, Bosnia and Herzegovina, Brazil, Chile, China (including Hong Kong and Macao), Croatia, former Yugoslav Republic of Macedonia, the French non-European Territories, Iceland, India, Kazakhstan, Mexico, Montenegro, Morocco, Russia, Serbia, Singapore, South Africa, South Korea, Tunisia, Turkey, Ukraine, and United Arab Emirates.)
- EU004 – Temporary export for exhibition or fair (Albania, Argentina, Bosnia and Herzegovina, Brazil, Chile, China (including Hong Kong and Macao), Croatia, former Yugoslav Republic of Macedonia, the French non-European Territories, Iceland, India, Kazakhstan, Mexico, Montenegro, Morocco, Russia, Serbia, Singapore, South

Africa, South Korea, Tunisia, Turkey, Ukraine, and United Arab Emirates.) Skr. 2011/12:114

- EU005 – Telecommunications (Argentina, China (including Hong Kong and Macao), Croatia, India, Russia, South Africa, South Korea, Turkey, and Ukraine)
- EU006 – Chemicals (Argentina, Croatia, Iceland, South Korea, Turkey and Ukraine)

Unlike the companies which are subject to the military equipment legislation, no basic licences are required for companies that produce or otherwise work with DUPs. Nor are these companies obliged to make a declaration of delivery. However, a company is obliged to make a fee declaration if it has manufactured controlled products, subject to supervision by the ISP. This includes sales within and outside Sweden.

In the event that a company is aware that a DUP, not listed in Annex I of the EU regulation, is intended to be used in connection with weapons of mass destruction, it is required to inform the ISP thereof. The ISP, in accordance with the license application process, can deny the granting of a licence for export (so-called “*catch-all*”, (see Section 17).

The predominant part of the DUPs exported with a licence from the ISP consists of telecommunications equipment, primarily encryption and heat-seeking cameras that are controlled in the Wassenaar Arrangement. Another major product in terms of volumes is heat exchangers. These are controlled within the Australia Group. Other products such as isostatic presses, chemicals or separation equipment for satellites are not so large in terms of volume but can still be very resource-intensive when considering licence applications.

## 7 The Swedish Agency for Non-Proliferation and Export Controls

### **Background**

In connection with the establishment of the Swedish Agency for Non-Proliferation and Export Controls (ISP) in 1996, the agency took over responsibility for the major part of the matters previously decided upon by the Government or by the minister responsible for reporting such matters following preparation by the Inspectorate-General of Military Equipment (KMI) and subsequently the department within the Ministry for Foreign Affairs that was responsible for strategic export controls.

The ISP is the central administrative authority for matters and supervision under the Military Equipment Act (1992:1300) and the Dual-use Products and Technical Assistance Act (2000:1064), unless, in the latter instance, another authority has this task. The SSM is responsible for corresponding issues relating to particularly sensitive nuclear products. The Swedish Defence Research Agency (FOI) and the National Defence Radio Establishment (FRA) assist the ISP with specialist technical expertise, among other things. The Military intelligence and

security service (Must) and the Swedish Security Service (Säpo) and the National Defence Radio Establishment (FRA) also supply ISP with information. The ISP is tasked with managing targeted sanctions in accordance with regulations adopted by the European Community, following Government decisions prompted by those regulations or in accordance with regulations legislated in the Act (1996:95) concerning Certain International Sanctions.

In addition, the ISP is the competent national authority responsible for performing the tasks provided for in the Act (1994:118) concerning Inspections in accordance with the United Nations (UN) Convention on the Prohibition of Chemical Weapons and the adherent ordinance. These ISP operations are not dealt with in more detail in this document.

The authority's responsibilities are presented in the instructions for the ISP (SFS 2010:1101).

### **Contacts with companies**

The ISP maintains regular contacts with the companies whose exports are subject to control. The companies' obligations are governed by the Military Equipment Act and the Military Equipment Ordinance. With regard to military equipment, companies shall report regularly to the ISP on their marketing activities abroad. These reports form the basis for the ISP's periodic briefings with the companies regarding their export plans. In addition to 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 export of military equipment or other co-operation 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. In its supervisory role, the ISP carried out 17 inspection visits in 2011 at companies to monitor their internal export control organisation. This is somewhat fewer than in the preceding year due to preparations for certification of receiving companies, in accordance with the Directive 2009/43/EG of the European Parliament and of the Council. This activity takes place in close co-operation with the Board of Customs and, in certain cases, with the Police.

In contrast to the case with military equipment, no licence is required to manufacture dual-use products (DUP). Furthermore, as a general rule licences are not required for sales within the EU. A licence is only required for so-called Annex IV products. These are listed in Annex IV of the EU Regulation's control list. The control lists that are drawn up pursuant to Council Regulation (EC) No. 428/2009 on dual-use items state which product categories are subject to licence for export outside the EU. In terms of determining whether a product should be considered a DUP product it is primarily the companies that classify their products. When a company is unsure of whether their product belongs to the controlled products category, the company can submit a product query to the ISP. Given this background, ISP contacts with companies are a bit different than is the case with military equipment. With the exception of

a few companies, ISP meetings with DUP companies occur more on an ad hoc basis. Skr. 2011/12:114

Within the framework of its outreach activity, in 2011 the ISP conducted a general seminar on export controls related primarily to military equipment products. Over the year, the ISP also participated in the Board of Customs' "Customs Days".

### **Financing**

Rules regarding the financing of the ISP are detailed in the Government's Ordinance (2008:889) on the financing of the operations of the Swedish Agency for Non-Proliferation and Export Controls (ISP). According to the rules, the fees are divided into three fee classifications relating to military and dual-use products and the Act Concerning Inspections in Accordance with the United Nations (UN) Convention on the Prohibition of Chemical Weapons. Parts of the ISP's international operations and all work related to international sanctions are financed through government grants.

### **Export license applications**

The number of export licence applications received by the ISP is shown in the table below.

	No. of ME applications	No. of DUP applications
2011	1,306	970
2010	1,177	853
2009	1,152	703
2008	1,132	491
2007	1,070	481

For previous years, the above table included international sanctions. Starting in 2008, the ISP reports these sanctions separately (see below). The number of export licence applications received regarding DUPs and ME products increased in 2011. Of the applications received, 87 per cent of ME applications were dealt with within two weeks, and the corresponding figure for DUPs was 59 per cent.

### **International sanctions**

In July 2007, the Government extended the ISP's licensing assignment to include making decisions regarding international sanctions and releasing frozen financial assets (Council Regulation [EC] No. 423/2007 concerning restrictions against Iran). In 2010, the Council Regulation of 2007 was replaced by Regulation (EC) 961/2010 concerning restrictions against Iran and the repeal of Regulation (EC) 423/2007. In 2010 and 2011, the EU adopted further sanctions against Iran (see Sanctions section). The number of cases received by the ISP is shown in the table below. Data for 2007 pertain only to the last six months of that year. The

number of export applications and advance rulings has decreased somewhat, while the number of §21 cases (see below) has increased. Skr. 2011/12:114

Sanctions cases	Exports	Release of assets	Advance rulings
2011	180	0	122
2010	193	1	160
2009	83	14	141
2008	39	39	76
2007	24	59	-

In 2010, the ISP's assignment was broadened regarding asset transfers and financial services within the framework of sanctions against Iran (§21 of Council Regulation (EC) 961/2010). In 2010, 228 applications were received, and 649 applications were submitted in 2011.

### **The Export Control Council (ECC)**

In 1984, the Riksdag passed the bill (1984/85:82) proposing 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 Government reorganised the Board as the Export Control Council (ECC) in connection with the establishment of the Swedish Agency for Non-Proliferation and Export Controls (ISP) in 1996. The rules on the composition and activities of the Board are included in the directives for the ISP. All parliamentary parties are represented on the ECC. Its chairman is the Director-General of the ISP. A list of the Council members in 2011 is shown below.

The Director-General of the Agency consults with the Export Control Council in those applications which are selected for consultation. The Director-General shall consult the Council before the Agency submits an application to the Government for consideration under the Military Equipment Act or the Dual-Use Products Act and technological assistance. The Director-General shall also keep the Council informed of the Agency's activities with regard to export controls.

At meetings of the Export Control Council, the Ministry for Foreign Affairs presents assessments of the relevant purchasing countries and the Ministry of Defence contributes assessments of the defence policy aspects. The Director-General can also request other experts to attend. The Council seeks to interpret the guidelines and the EU's Common Position in order to provide further guidelines for the ISP.

The members have unrestricted access to the documentation of all export licence application proceedings. The Director-General reports all export licence decisions continuously, as well as advance rulings not previously reported in the Export Control Council and applications decided in accordance with guideline practice (tender notifications and co-operation agreements). From 2005, the ISP has also reported all preparatory proceedings for dual-use products in the Export Control Council.

All in all, this system ensures parliamentary insight into the application of the export control regulations. Skr. 2011/12:114

The purpose of the Swedish system, which is unique in international comparison in that representatives of the political parties can discuss potential export transactions in advance, is to build a broad consensus on export control policy and promote continuity in the conduct of that policy. In contrast with many other countries, the Export Control Council deals with cases at a very early stage, even before a concrete transaction is being considered. Since it would harm the export companies commercially if their plans were made known before they had concluded a deal, the discussions with the Export Control Council are not public. Apart from this, the assessments of individual 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 2011.

On 3 March 2011, the Government decided to appoint the following persons to the Export Control Council. These appointments apply until further notice, although until 31 December 2014 at the latest:

Torbjörn Björlund, MP (V),  
Carina Adolfsson Elgestam, MP (S),  
Annicka Engblom, MP (M),  
Mikael Jansson, MP (SD),  
Lars Johansson, MP (S),  
Ann-Charlotte Hammar Johnsson, MP (M),  
Kerstin Lundgren, MP (C),  
Valter Mutt, MP (MP),  
Caroline Szyber, MP (KD),  
Göran Lennmarker (M), ex-MP,  
Lennart Rohdin (FP), ex-MP,  
Tone Tingsgård (S), ex-MP,

#### **The Technical and Scientific Council (TVR)**

In connection with matters concerning the classification of military equipment and dual-use products, the Swedish Agency for Non-Proliferation and Export Controls is assisted by a Technical and Scientific Council with ties to the Agency. This comprises representatives of several institutions with expertise in technological applications for both civilian and military uses. Three meetings were held in 2011. An up-to-date list of the seven current members of the Council can be found on the ISP's website:

<http://www.isp.se/sa/node.asp?node=1073>.

According to the instructions to the ISP, it shall appoint the members of the Council. Since the main task of the Council is to take a position on very technical classification issues, the Government is of the opinion that the Agency should decide itself which technological and scientific expertise it needs.

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## 8 The Swedish nuclear industry and the Swedish Radiation Safety Authority

### **The Swedish nuclear industry**

The Swedish nuclear industry operates in an open, international and commercial market. Today it comprises both private and state-owned companies that operate nationally and internationally.

There are currently ten nuclear reactors in operation in Sweden. State-owned Vattenfall is the main owner of Forsmark Kraftgrupp AB (three reactors) and Ringhals AB (four reactors). German E-on is the main owner of OKG AB, Oskarshamn (three reactors). Westinghouse Electric Sweden AB in Västerås produces nuclear fuel for reactors, certain reactor components and carries out service work at nuclear power plants. The Swedish company is a subsidiary of the Westinghouse Electric Company, LLC of the United States. The principal owner is the Japanese Toshiba Corporation. Co-operation with Japan was strengthened in 2009, when Westinghouse acquired the Japanese fuel producer Nuclear Fuel Inc. Studsvik Nuclear AB, which is the direct successor to the previously state-owned AB Atomenergi, carries out research and development work in the field of nuclear safety and decommissioning and dismantling. The company conducts analyses and tests of nuclear fuel, among other things. Studsvik also processes low-level radioactive waste resulting from nuclear activity. AB Sandvik Steel provides zirconium alloy pipes specially intended for production of nuclear fuel, and KWD Nuclear Instruments AB Medical AB in Nyköping makes neutron detectors for nuclear reactors. Several other Swedish companies conduct service work, analyses, studies, etc. for the nuclear power industry. Internationally, interest in nuclear energy has grown and several countries have announced that they intend to build new nuclear reactors. The purpose of this is to meet future energy needs. Expanding the use of nuclear power is also seen as part of the efforts to counteract global warming. The earthquake in Japan in March 2011, and subsequent nuclear disaster, has changed this development, however. In Sweden, a controlled generation shift in the country's nuclear power facilities has been made possible by changes to the Nuclear Technology (Operations) Act, allowing existing reactors to be replaced with new ones.

### **Export controls**

Nuclear substances (uranium and plutonium) and nuclear technology products are classed as dual-use products. Exports of these products are

regulated in the Council Regulation (EC) No. 428/2009. Exports to countries outside the EU require licences. The regulation also deals with transfers within the EU of particularly sensitive materials, including nuclear materials and particularly sensitive nuclear technology products. Consequently, licences are also required for transfers of these particularly sensitive products between countries within the EU. These are listed in Annex IV of the EU Regulation's control list.

Special sensitive nuclear material refers to uranium enriched to more than 20 per cent and separated plutonium. Other nuclear material (including ordinary reactor fuel) may be transferred within the EU without an export licence. This is justified by the fact that it has become apparent that controls of less sensitive nuclear materials were hampering trade within the EU without improving the level of protection already conferred by the Treaty establishing the European Atomic Energy Community (Euratom Treaty). The controls imposed on such materials could therefore be abolished.

When making decisions regarding whether to grant export licences in accordance with the Council Regulation, member states shall, under Article 12, take into account all relevant aspects, including the obligations and commitments they have each accepted as a member of the relevant international non-proliferation regimes and export control arrangements, or by ratification of relevant international treaties.

Applied to nuclear material and nuclear products, this means that Sweden is to take into consideration all of the obligations and commitments that Sweden has made in international non-proliferation, including those that follow from the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT, Swedish Treaty Series 1970:12). Basic regulations in such decisions are stated in the guidelines issued by the Nuclear Suppliers Group (NSG) and that have been approved by the Participating Governments. These guidelines have been published in document INFCIRC/254/Rev.10/Part 1 issued by the International Atomic Energy Agency (IAEA) (see also Chapter 17). In 2011, after several years of negotiations, member states in the Nuclear Suppliers Group (NSG) reached an agreement on tightening paragraphs 6 and 7 in the guidelines regulating the export of equipment for the enrichment of uranium and reprocessing of irradiated nuclear fuel.

NSG Guidelines mean that Sweden, when exporting nuclear material and nuclear products to a state, which has acceded to NPT, but which is not a recognised nuclear-weapon state under the Treaty, must obtain certain specified assurances from the government of the recipient country before an export licence can be granted. The recipient country shall primarily provide assurances that

- the products will not be used in the production of nuclear weapons,
- IAEA has complete monitoring rights in that country,
- that nuclear materials in the country are adequately protected physically and
- that products received from Sweden or nuclear products made using the products exported from Sweden will not be exported to any third party without obtaining corresponding assurances.

When nuclear material and nuclear equipment are imported to Sweden, the exporting country's government requires the corresponding assurances from the Swedish government.

The governmental assurances provided for in the NSG Guidelines can be obtained from the recipient government on each occasion of export or by bilateral or multilateral agreements.

The SSM has been commissioned by the Government to obtain assurances from the recipient country's government for nuclear exports, and to design and provide the Swedish Government's assurance to the government of the exporting country on import of such material. The SSM does so in the event of repeated transactions with a country. Through changes in the Ordinance (2008:452) with instructions for the Swedish Radiation Safety Authority, the Government has made the SSM's assignment permanent. However, the Ministry for Foreign Affairs shall obtain the assurance for export and provide the assurance for import for the first transaction.

All EU Member States have acceded to the treaty establishing the European Atomic Energy Community (The Euratom Treaty), the main purpose of which is to establish a common market for special material and equipment in the field of nuclear energy and to guarantee that nuclear material is not used for any other than the intended purposes. Under the Euratom Treaty, nuclear operations within the EU are subject to the EU Commission's safeguard control, which, among other things, ensures that nuclear material transferred between EU member states is only used for civilian purposes. Moreover, all EU member states have ratified the NPT treaty and, accordingly, the EU's non-nuclear-weapon states have assured that they do not intend to manufacture or otherwise acquire nuclear weapons. The EU's non-nuclear-weapon states and Euratom also have a common control agreement with the IAEA, with full right of control including expanded inspection rights (see INFCIRC/193 and INFCIRC/193/Add.8, published by the IAEA).

All EU member states have undertaken to report all exports of nuclear material and nuclear equipment to the IAEA. For Sweden, this means that the EU Commission, through its safeguard control under the Euratom Treaty, shall report all exports of nuclear materials to the IAEA and that the SSM shall report all export of nuclear equipment to the IAEA.

The Government is of the opinion that the existing licensing procedure for trade within the EU, according to Council Regulation (EC) No. 428/2009, and the commitments of the member states within the framework of Euratom normally provide sufficient security in transfers of nuclear material and nuclear equipment between EU Member States and is in accordance with the NSG Guidelines. Normally, the Swedish Government does not need to obtain additional assurances from the recipient government in the event of such transfers. This would cause unnecessary barriers to trade without increasing security.

Within the framework of the Euratom Treaty, the EU has the right to enter into agreements with third countries. Bilateral agreements on the peaceful use of nuclear energy have been concluded between the EU and a number of other states (the United States, Canada, Australia, Japan,

Ukraine and Uzbekistan). These agreements cover import and export of nuclear substances, and, in certain cases, nuclear equipment. In the agreements, the recipient country guarantees that the nuclear material and the nuclear equipment will only be used for peaceful purposes and not for the development of nuclear explosive devices. These guarantees are often complemented with additional assurances which mainly accord with the NSG Guidelines (see the four points above). If Euratom's agreement with third countries includes the NSG Guidelines, Sweden need not obtain additional assurances from the government of the third country in the event of exports.

Table 26 in Annex 4 of this document details the export licences granted by the SSM. The new international interest in nuclear power has yet to be reflected in an increased number of export applications. The exception made in 2008 within NSG for certain nuclear technology trade with India still has not yielded an increase in licence applications from Swedish industry. However, the authority maintains a restrictive stance, requiring that exports only be made for civilian, peaceful purposes.

### **Swedish Radiation Safety Authority (SSM)**

The Swedish Radiation Safety Authority bears broad responsibilities in the areas of radiation protection and nuclear safety. Consequently, the activities of the authority include nuclear non-proliferation and supervision of adherence of Swedish nuclear activities with the relevant international undertakings. The SSM decides on licences for export to countries outside the EU or transfer within the EU of nuclear material and nuclear products except in certain special cases or cases involving matters of principle where the Government decides. The products are listed in Annex I, Category 0, to Council Regulation (EC) No. 428/2009. The SSM's tasks in connection with exports of nuclear material and nuclear products are stated in Ordinance (2000:1217) on Control of Dual-Use Products and of Technical Assistance. Licence applications shall be submitted to the SSM. An application for consent to export or for transfer within the EU of spent nuclear fuel must include particulars of the final disposal of the material. With regard to spent nuclear fuel deriving from nuclear activity in Sweden, the application is to include an assurance that the exporter will bring it back if it cannot be taken care of in the intended way.

The transportation of nuclear material is also regulated by Swedish legislation, which complies with international standards, to prevent radiological accidents and to ensure that there is adequate physical protection.

SSM cooperates with other authorities working with export control issues, especially with ISP and Swedish Customs Board. SSM also receives technological assistance from the Swedish Defence Research Agency (FOI), but also holds its own high level of special nuclear expertise.

SSM is, in accordance with legislation (1984:3) on nuclear activity, the national monitoring authority ensuring that Swedish activities are in accordance with Sweden's agreements and obligations with the aim of

preventing the proliferation of nuclear weapons. SSM is also the national focal point for IAEA's database of illegal trade and other illegal handling of nuclear and radioactive materials. These operations at SSM are not dealt with in more detail in this document.

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## 9 Co-operation in the EU on export controls of military equipment

### **The EU's Common Position on Arms Exports**

Under Article 346.1 a) of the Treaty on the Functioning of the European Union, the FEU Treaty (formerly article 296 of the EC Treaty), any member state may implement measures it considers necessary to safeguard its essential security interests with regard to the manufacture or trading of weapons, ammunition and military equipment. On the basis of this article, the EU member states have adopted national rules for export of military equipment. However, the member states have to some extent preferred to coordinate their export policies. The Code of Conduct on Arms Exports, adopted in 1998, specified common criteria for export of military equipment that are to be applied in connection with national assessments of export applications. Member states can have their own stricter guidelines. The Code of Conduct was reinforced in 2005, and as previously mentioned was adopted as a common position in 2008 (2008/944/ CFSP). In 2102, a review will be done of the EU's Common Position on Arms Exports (in accordance with Article 15 of the Position on Arms Exports). The preparatory work for this review started in 2011. The following third-party countries have also now officially signed on to the criteria and principles in the EU's Common Position on Arms Exports: Bosnia and Herzegovina, Canada, Croatia, the former Yugoslav Republic of Macedonia, Iceland, Montenegro and Norway.

The first part of the Common Position contains eight criteria which are each to be taken into account before a decision is made on permitting arms export to a country. These criteria concern

- the situation in the recipient country,
- the situation in the recipient country's region, and
- the exporting country and the recipient country's international obligations.

With respect to the situation in the recipient country, human rights and international humanitarian law must be taken into account, as well as whether there are tensions or armed conflicts in the country, a risk of weapons being diverted or re-exported and whether the export would seriously hamper the sustainable development of the recipient country. The situation in the region refers to stability in the area and the risk of the recipient being able to use the weapons in a regional conflict. Finally, international undertakings of the exporting and the recipient country are to be taken into account. Arms embargoes must be respected, the national security of member states must be considered and the behaviour of the

recipient country in the international community shall be taken into account. The latter concerns among other things the country's attitude towards terrorism, the nature of its alliances, and its respect for international law. The Common Position's seventh criterion addresses the risk of *diversion* to an unintended recipient. The Common Position also includes a list of the products that it covers (EU's common list of military equipment), and a user's guide that provides more details on implementation of the agreements in the Common Position on the exchange of information and consultations and on how these criteria for export control shall be applied.

Link to the EU's military list:

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:086:0001:0036:en:PDF>).

### **Exchange of information on denials**

Under the Operative Provisions of the Common Position, member states are to exchange details of denied export permit applications. 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 inform the notifying state of its decision. The exchange of details of denials and consultations on the details make the EU's export policy more transparent and uniform. The consultations promote a consensus on the various export destinations. The fact that the member states notify each other of the export transactions they deny reduces the risk that another member state will approve the export. The intention is thus that once other member states have been informed of the denial of certain export, the same export should not be approved by another member state. The ISP is responsible for issuing details of Swedish denials and arranging consultations.

In 2011, Sweden received 365 denial notifications from other member states. Sweden issued five notifications of denials. These were in regards to Egypt, China, Namibia, Oman and Turkey. 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 in other cases. Swedish export controls do not apply a system of country lists, i.e. predetermined 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 and the EU Common Position on Arms Exports.

### **User's Guide**

To complement the Common Position, there is, as mentioned above, a User's Guide available to assist the licensing authorities in the member states. This is available at the EU website under the heading "Security-related export controls":

The User Guide also contains more detailed guidelines for application of the criteria for export controls. The User Guide specifies procedures to improve the system for notifications of denials and consultation, and clarifies the responsibility of member states in these respects. The User Guide is updated on an ongoing basis.

### **Export controls and global development policy**

In its report on Swedish export controls, the Parliamentary Committee on Foreign Affairs has addressed the issue of harmony between various policy areas and the global development policy goal for just and sustainable global development. (2007/08: UU7, 2008/09:UU14):

The Government in its Communication Sweden's Policy for Global Development (Skr. 2007/08:89) stated that the Swedish export of military equipment shall occur in a way that doesn't work against a just and sustainable global development.

The Policy for Global Development assigns all policy areas, within their area-specific objectives, to formulate and implement policies in a manner that takes into account effects on developing countries and that makes use of all opportunities to strengthen the Swedish contribution to equitable and sustainable development. The Government also endeavours to avoid effects that have a negative impact on efforts to contribute to equitable and sustainable global development. These important aspects are to be included in the assessments, not least through the application of the EU Common Position on Arms Export, the eighth criterion of which highlights the technical and economic capacity of the recipient country and the need to take into account whether there is a risk that sustainable development will be seriously hampered. Sweden has actively favoured the former Code of Conduct being accepted as a common position and for it to be interpreted and applied uniformly by the EU member states. Sweden was also one of the states that took the initiative to drawing up guidelines for application of the eighth criterion of the Common Position on Arms Export. These guidelines are now included in the user's guide for application of the Common Position on Arms Export. Overall, the Government considers that the Common Position, vouches for the goals, perspectives and principal features of the Swedish policy for global development being expressed in Swedish export control policy.

### **ICT directive**

After the usual consultation process in which the member states, the defence industry, individual organisations and others have commented on a consultation paper, the Commission presented a proposed directive at the end of 2007 on the simplification of the conditions for the transfer of defence equipment within the community. This proposal, which was less far reaching than the original ideas in the consultation paper, constituted,

together with a proposed directive on procurement in the field of defence and security, part of the strategy to strengthen the competitiveness of the European defence industry.

An overarching objective of the Commission's proposal was to facilitate the mobility of defence equipment and defence equipment services between EU member states. The Commission considered the variety of national licensing systems within the EU to be an administrative burden for companies and hampering the competitiveness of the European defence industry as a whole. The proposal therefore aimed to reduce barriers to the transfer of defence equipment and defence equipment services within the EU by simplifying and harmonising licensing conditions and procedures.

In negotiations on the proposed directive in 2008 they were therefore modified somewhat. The final version clarifies the continued right of decision of the member states, while the harmonising function of the proposal remains. At the end of 2008, consensus was reached between the Council of the European Union, the Commission and the European Parliament. The European Parliament voted in favour of the proposal in December 2008 and the Council adopted the directive in early 2009 (Directive 2009/43/EC of the European Parliament and of the Council). Member states have three years from the end of the first half of 2009 to implement the directive in their national legislation, which, in turn, goes into effect by 30 June 2012 at the latest.

It is the Government's view that the ICT directive effectively fulfils its purpose. A favourable balance is achieved between internal market considerations and the maintenance of effective export controls.

One major point of the ICT directive is that consent for transfer of defence-related products within the EU shall be based on a new system that harmonises and simplifies export control regimes. Licences for transfers of defence-related products within the EU shall be granted in the form of general, global or individual transfer licences. General licences mean that a company does not need to apply for consent to transfer certain predetermined defence-related products intended for a recipient approved in advance (certified by the recipient state). Global permits cover one or more transfers of defence-related products to one or more recipients. Such permits shall be valid for a period of three years. Individual licences cover one transfer to a single recipient. The latter type of licence shall be used when it is necessary to protect important security interests of member states or to comply with relevant international obligations and commitments, such as relevant international non-proliferation agreements, export control arrangements or other international agreements.

Another central principle in the ICT directive is that recipients of military equipment or technical assistance shall be certified. In 2011, meetings took place between the member states and the Commission regarding the more detailed prerequisites for certification and the formulation of the certifications.

The ICT directive does not affect the rules governing exports outside the EU. However, it does stipulate that member states shall ensure that the recipients of defence-related products applying for an export licence shall, in cases where defence-related products obtained from another

member state is subject to export restrictions, confirm to the relevant authorities that they have complied with the conditions for these restrictions and that they have, in relevant cases, obtained the necessary permit from the origin member state.

In the bill *for implementation of the directive on the transfer of military equipment* within the EU, etc. (Ds 2010/11:112) the Government proposed changes to the Military Equipment Act (1992:1300) with the aim of implementing the ICT directive. The proposed amendments were adopted by the Riksdag (Command Paper 2010/11:UU3, Gov. Comm. 2010/11:261). On 9 June 2011 the Government promulgated the amendments. That same day the Government approved changes to the Ordinance (1992:1303) regarding military equipment with the purpose of implementing the ICT Directive. The amendments will come into effect on 30 June 2012.

### **COARM's activities**

The Council Working Group on Conventional Arms Exports (COARM) is a forum in which the member states of the EU regularly discuss the application of the Common Position on arms exports and to exchange views on export destinations. An account of this work, detailing agreements reached and statistics on the member states' exports of military equipment is published in an annual EU report.

Since the criteria in the Common Position extend over a number of different policy areas, it is aimed at achieving increased and clear agreement between these areas. Sweden is making active efforts to achieve a common approach by the member states.

The member states have also decided to systematise their outreach on export control policy to non-EU countries. This work continued in 2011. The purpose is to encourage other countries to develop export control systems in line with the EU's Common Position. To approach these activities systematically, COARM has identified countries where visits and seminars are suitable, contacted them and set up a database for these activities, whether they are undertaken jointly by several EU member states or on a bilateral basis between a single EU member state and a non-EU country. The aim is to make outreach activities more effective and to provide opportunities for the EU to speak with one voice on export control and the values on which EU co-operation is based. During the year the group's work has been especially focused on developments in the Middle East and North Africa.

In 2011, the EU continued its support of the UN process aimed at reaching an international (Arms Trade Treaty, ATT). The United Nations Institute for Disarmament Research (UNIDIR) led the practical implementation of seminar activities (see Section 13 on the ATT).

In November 2011, the annual meeting was held between the EU's COARM delegates and European NGOs. The meeting consisted of discussions on current issues, including the EU member states' implementation of the Common Position and efforts towards an Arms Trade Treaty.

To tackle the problem of uncontrolled arms brokering and avoid circumvention of arms embargoes, in 2003, the Council adopted a Common Position (2003/468/CFSP) on control of arms brokering. According to this, the member states agree to take necessary measures to control arms brokering within their territory. Control of arms brokering in Sweden was already good due to the provisions of the Military Equipment Act. Within COARM, an appropriate mechanism for exchange of information between states on registered arms brokers is being produced. In Sweden, some 30 companies are registered as brokers of products classified as military equipment.

## 10 International reporting on arms transfers

### **The UN Register and other international reporting on arms transfers**

In December 1991, the United Nations General Assembly adopted a resolution on transparency in the arms trade. The resolution urges member states to voluntarily report both their imports and exports of major conventional weapon systems to a register administered by the UN Institute for Disarmament Research (UNIDIR). 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. After a review by the United Nations, most recently in 2006, the definitions of the categories have been broadened to include more weapon systems and it has also been made possible to report trade with small arms and light weapons. Particular importance is now placed on portable air defence systems (MANPADS), which have been included in the category missiles/missile launchers since 2003. The voluntary reporting also includes information on the weapons of the categories in question held by states and procurements from their own arms industry. 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.

The frequency of reports has varied over the years. The largest number of countries, 126, reported on their arms trade in 2001. Altogether 170 states have submitted a report at some time since 1992. In the nineteenth year of the UN Register, 2011, 78 UN member states presented a report. Since reports have been made by all of the large exporters and most large importers, it is estimated that most of the world's trade in heavy conventional weapon systems is covered by the Register.

Sweden's share of world trade in heavy weapon systems continues to be modest. The report that Sweden will make to the UN Register for 2011 will include exports of combat vehicle 90 to the Netherlands, tracked carriers S 10 to the United Kingdom, armoured tracked carriers 501 (MT-LB) to Finland, JAS 39 Gripen airplanes and armoured vehicles (Piranha) to South Africa, JAS 39 Gripen airplanes to Thailand and

submarines to Singapore. The information submitted to the UN Register is available at the UN's website:

<http://www.un.org/disarmament/convarms/Register/DOCS/20111013RegisterFactsheet.pdf>

An annual report on major conventional weapons systems is made to the Organisation for Security and Co-operation in Europe (OSCE) in the same way as to the United Nations.

The Wassenaar Arrangement's reporting mechanism regarding exports of military equipment largely follows the seven categories reported to the UN register. However, certain categories have been refined through the introduction of sub-groups and the addition of an eighth category for small arms and light weapons (SALW). The 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 destabilising accumulations of weapons to the notice of the member states at an early stage. Exports of dual-use products and technology are also reported twice yearly.

## 11 Current issues regarding international arms embargoes

### **What are arms embargoes and when are they imposed?**

Sometimes events in a country or region make it necessary for the international community to take measures to show that the actions of a government are unacceptable and to persuade it to desist from these actions. One measure that can be taken is to impose an embargo on a country, meaning that trade with a certain country is prohibited. An embargo can apply to all types of military equipment and related services, or to specific categories. Often there are exemptions for deliveries of specific military equipment, which is to be used for humanitarian purposes or for protection, or which is for international peacekeeping forces in the country in question. At regular intervals, the embargo is reassessed to determine whether it should continue to apply, whether the conditions should be changed or whether the embargo should be lifted altogether.

An embargo is usually applied when other international forms of applying 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. The lifting of an embargo does not necessarily mean that arms can be exported to the country concerned. The national laws and rules of each exporting country determine the terms on which exports can be approved.

A decision by the UN Security Council, by the EU or by the OSCE (Organisation for Security and Co-operation in Europe) on an arms embargo is an unconditional barrier against Swedish exports according to the Swedish guidelines for export of military equipment. The member states of the EU also fully comply with binding political decisions of this kind on arms embargoes.

In certain cases, arms embargoes that are stricter than those imposed by the Security Council are agreed upon unanimously within the framework of the EU's Common Foreign and Security Policy. These EU decisions 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. EU arms embargoes normally also include a prohibition against export of technical and financial services relating to military equipment. These prohibitions are regulated in EU regulations.

### **Current issues regarding arms embargo**

In 2011, Sweden applied 22 arms embargoes against 21 countries. The countries currently under arms embargo by the UN or the EU include Afghanistan, Burma, the Ivory Coast, Eritrea, Guinea, Iraq, Iran, China, the Democratic Republic of Congo, Lebanon, Liberia, Libya, the Democratic People's Republic of Korea (North Korea), Somalia, Sudan, South Sudan, Syria, Belarus and Zimbabwe. In addition, the Organisation for Security and Co-operation in Europe has decided on an arms embargo against Armenia and Azerbaijan. In some cases there is a partial arms embargo, for example, on rebel movements or against individuals, not against the government in the country. Another UN/EU embargo applies to members of al-Qaida, and not associated with any particular country. The part of the arms embargo that previously applied to the Taliban was transferred in 2011 by the UN to a special sanctions regime against Afghanistan and, therefore, the number of countries in the statistics increased. The UN, followed by the EU, decided during the year to level an arms embargo at Libya that covers both exports to and imports from the country. In 2011, the EU decided independently to level an arms embargo against Syria and Belarus. In addition, the EU expanded its original arms embargo, which was initiated by the UN, against Sudan to also cover the state of South Sudan, established in 2011. Often, more than one international organisation imposes an embargo on the same country.

A description of the frameworks for the abovementioned arms embargoes and sanctions against various countries can now be found on the Government's Sanctions website at [www.ud.se/sanktioner](http://www.ud.se/sanktioner), which is updated on an ongoing basis. There, links to the EU's legislation on arms embargoes can be found. The OSCE's report on the arms embargo against Armenia and Azerbaijan can be found on the site of the Stockholm International Peace Research Institute's website: [http://www.sipri.org/databases/embargoes/eu\\_arms\\_embargoes/azerbaijan](http://www.sipri.org/databases/embargoes/eu_arms_embargoes/azerbaijan).

The EU arms embargo against China was introduced as a result of the events in Tiananmen Square in 1989. Sweden prohibits the export of any military equipment to China.

In 2006, the UN Security Council introduced an arms embargo against North Korea in Resolution 1718. In the same year, the EU adopted a Common Position on an arms embargo etc. against North Korea. The

provisions, alongside later additions, have now been transferred to Council Decision 2010/800/CFSP concerning restrictive measures against the Democratic People's Republic of Korea. The expansion of sanctions against North Korea in UN Security Council Resolution 1874 (2009) did not apply directly to the arms embargo.

In 2006, 2007, 2008 and 2010, the UN Security Council adopted resolutions with decisions on sanctions against Iran (resolutions 1737, 1747, 1803 and 1929). In line with its previous policy of not selling military equipment to Iran, the EU decided in 2007 to prohibit exports of military equipment etc., to and from Iran (see the more recent Council Decision 2010/413/CFSP). Changes were not made to the arms embargo during in 2011.

As in the case of other arms embargoes decided upon in the EU, the prohibition against export of military equipment to Iran and North Korea is introduced in the member states' legislation, in Sweden by the Military Equipment Act. The prohibition on providing technical and financial services relating to military equipment has been carried out (like the prohibition on exports of dual-use products) in an EU regulation (for Iran, most recently Council Regulation [EC] No. 961/2010; for North Korea, Council Regulation [EC] 329/2007). Pursuant to the Act (1996:95) concerning Certain International Sanctions, Swedish provisions, inter alia, on the prohibition of purchasing, importing or transporting military equipment from Iran, have been introduced through the Ordinance (2007:704) concerning Certain Sanctions against Iran with changes (not applicable to the arms import embargo) to the Ordinance (2011:174) on changes to the Ordinance concerning Certain Sanctions against Iran. Swedish regulations prohibiting the import, among other things, of military equipment from North Korea has similarly been introduced through the Ordinance (2011:67) concerning Certain Sanctions against the Democratic People's Republic of Korea. Introducing a similar regulation prohibiting the import of military equipment from Libya is planned.

For a list of the EU's weapons embargoes and other sanctions, go to the following website:

[http://eeas.europa.eu/cfsp/sanctions/index\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/index_en.htm).

As described below there is also substantial information on the Government's Sanctions website [www.ud.se/sanktioner](http://www.ud.se/sanktioner).

Information about embargoes can also be found on the Stockholm International Peace Research Institute's website:

[http://www.sipri.org/databases/embargoes/arms\\_embargoes\\_default](http://www.sipri.org/databases/embargoes/arms_embargoes_default).

## 12 The international arms trade

The Stockholm International Peace Institute (SIPRI) compiles statistics on trade in military equipment in its Yearbook and in a database. These statistics are based on trend indicator values and relate to transfers of major conventional weapons. According to the most recent information from the SIPRI Arms Transfers database, the world's combined transfers

of major conventional weapons increased by 22 per cent between 2010 and 2011, from USD 24.54 billion in 2010, to USD 29.95 billion in 2011. Skr. 2011/12:114

During the period 2007–2011, Sweden ranked eleventh in SIPRI's last annual list of exporters of major conventional weapons (aircraft, warships, artillery, armoured vehicles, missiles, engines, air defence systems, radar systems and other sensors), with 1.9 per cent of total world exports. In the same period, the largest exporter, the United States, accounted for 30.5 per cent of global exports, followed by Russia (23.8 per cent), Germany (9.2 per cent), France (7.6 per cent), and the United Kingdom (4.1 per cent).

The leading importer of major conventional weapons during the period 2007–2011 was India, which accounted for 9.9 per cent, followed by South Korea (5.5 per cent), Pakistan (5.4 per cent), China (4.9 per cent) and Singapore (4 per cent). Sweden was in 66th place during the period with 0.2 per cent of the world's total imports of major conventional weapons. More information is available from the SIPRI database on arms transfers at [www.sipri.org](http://www.sipri.org).

### 13 An international Arms Trade Treaty (ATT)

In December 2009, the UN General Assembly adopted a new resolution (Res. 64/48), determining that a UN conference to negotiate an international Arms Trade Treaty (ATT) shall be held over a four-week period in July 2012. The stated task is to negotiate a legally binding instrument regarding the highest possible common international standards for transfers of conventional arms. The conference was preceded by meetings of a preparatory committee, which met over two weeks in 2010 and two weeks in 2011. A final meeting was held in February 2012 to prepare the procedural rules for the conference.

The process of establishing an ATT has been going on since 2005, when the United Kingdom first proposed a global arms trade treaty, and is approaching its culmination with broad support from various country groups in the UN.

In 2011, the EU's support for the ATT process continued in the form of regional seminars in third countries. Within the EU, an ongoing dialogue has been conducted between member states, with the participation of the new *European External Action Service*, to identify areas of consensus in which the EU member states can act in unison in the continued negotiations. A dialogue has also been maintained with interested non-state actors in the area. Considerable expertise and experience of export controls exists among the EU member states, which can contribute operationally to the formulation of an effective international instrument. The work of the preparatory committee confirms the continued strong interest for a treaty in this area, although considerable variation remains regarding the aspects to be covered and the formulation of the treaty.

## 14 Efforts to combat the proliferation of small arms and light weapons

The expression “small arms and light weapons” (SALW) basically refers to firearms which are intended to be carried and used by one person, and light weapons intended to be carried and used by up to three persons. Examples of the former category include pistols and automatic carbines. Examples of the latter include machine guns, recoilless grenade systems and portable anti-aircraft rockets. Work is in progress in various international forums, such as the UN, the EU and the Organization for Security and Co-operation in Europe (OSCE), with a view to preventing and combating destabilising accumulations and uncontrolled proliferation of small arms and light weapons. No other types of weapons cause more deaths and suffering than these, which are used every day in local and regional conflicts, particularly in developing countries. The UN has estimated the number of persons killed by light weapons to be at least 300,000 annually.

In 2001, the United Nations adopted a programme of action to combat the illegal trade with small arms and light weapons. The purpose of the UN’s work is to raise awareness about the destabilising effect of small arms and light weapons in conflict regions. Non-proliferation is also important in combating criminality and, not least, terrorism. An instrument for the labelling and tracking of small arms and light weapons was adopted through a resolution by the UN General Assembly in 2005. In the autumn of 2011, the UN General Assembly adopted two new resolutions (resolutions which are adopted at regular intervals) aimed at strengthening the work to prevent unlawful trade in small arms and light weapons. The next review conference for the UN’s work on small arms and light weapons will be held in 2012, and Sweden is following and participating in the planning of that conference. The review conference is expected to focus on border control, international co-operation and the institutional framework. A meeting with country experts will be held in May 2012, in preparation for the review conference. During the year Sweden ratified the UN’s Firearms Protocol, which is linked to the UN Convention on Transnational Organised Crime. The legislative changes needed for Sweden to ratify the protocol came into effect on 1 July 2011. In short, they mean that firearms and weapons’ parts, as well as packages of ammunition, shall be marked at the time of manufacturing.

Most recently in 2002, the EU revised its Joint Action on combating destabilising accumulation and illegal spread of small arms and light weapons. The Action now also includes ammunition for these weapons. In addition, an EU strategy with an action plan on the same topic was adopted by the European Council in 2005. The Council publishes progress reports twice yearly on the EU strategy. These reports were published in June and December 2011. In 2008, the EU resolved to support the UN’s tracking instrument through the adoption of a joint action. In 2008, the EU also adopted advisory conclusions concerning the

introduction of a special SALW clause in international agreements between the EU and third countries. Furthermore, in 2011 the Council took a decision with the aim of supporting the UN review conference 2012 with specific goals.

In 2000, the OSCE adopted a document on small arms and light weapons relating to the control of manufacturing and export and rules for labelling, registering, traceability and information exchange, safekeeping and surplus equipment. In 2003, the OSCE adopted a similar document for conventional ammunition. Furthermore, the OSCE took several decisions during 2004–2009 intended to further reinforce work against the illicit spread of small arms and light weapons, including portable anti-aircraft rockets (MANPADS). In 2010, the OSCE adopted an action plan for SALW which will be reviewed in 2012. Sweden has been a major contributor to the OSCE's concrete efforts to prevent the spread of small arms and light weapons. Within the Wassenaar Arrangement (as with OSCE), there is an obligation to report on trade with these weapons, including MANPADS. Sweden is endeavouring for each country to set up and implement a responsible export policy with comprehensive laws and regulations. The goal is for all countries to have effective systems that control manufacturers, vendors, purchasers, agents, brokers and intermediaries of small arms and light weapons.

### **Swedish exports of small arms and light weapons**

Swedish exports of small arms and light weapons (SALW) are presented in Annex 1 (Table 12). The value of SALW exports from Sweden in 2011 amounted to SEK 2 billion, of which the larger portion consisted of anti-tank systems. Swedish exports of man-portable air defence systems, MANPADS (according to the definition in the UN Weapons Register) is also shown in Annex 1 (Table 14). The value of exports of MANPADS from Sweden in 2011 amounted to approximately SEK 108 million.

## **15 International co-operation on military equipment**

### **The six-nation initiative – Letter of Intent (LoI)**

In 2000, the six large defence industry nations in Europe (France, Italy, Spain, the United Kingdom, Sweden and Germany) signed an important defence industry co-operation agreement at the government level, the Framework Agreement. This agreement was negotiated as a result of the declaration of intent adopted by the countries' defence ministers in 1998, the Six-State Initiative or *Letter of Intent* (LoI). The purpose of the agreement is to promote the rationalisation, restructuring and operation of the European defence industry, and it focuses mainly on the supply side, i.e. the states delivering the products. Six working groups have subsequently worked to put the principles of the framework agreement into practice. The areas covered are security of supplies, export controls,

security protection, defence-related research and technology, treatment of technical information, harmonisation of military requirements and protection of commercially sensitive information. In 2010, in connection with the 10-year anniversary of the agreement, a report was done for the defence ministers. The report provided an account of work done so far and recommendations for future measures. Based on the report, in 2011 the Executive Committee decided, among other things, to turn the working group on export control issues into an informal working group in 2012. In 2011, under French chairmanship, the working group for export control issues continued to prepare issues to address concerning the implementation of the ICT directive. A dialogue has also been conducted with United States export control authorities concerning developments in export control mechanisms in the United States, within the LoI circle and in the EU.

### **Nordic co-operation**

The Nordic Defence Co-operation (NORDEF) joint accord signed in 2009 brings all current and future Nordic co-operation in the area of defence materials under a single, uniform management and decision-making structure.

As before, there is also a Nordic co-operation agreement on support for defence industry co-operation in the area of defence equipment, including delivery reliability and export controls. The ISP is responsible for the operational work regarding export control issues. For the time being the agreement is being reviewed by the parties.

## **16 Combating corruption in the international arms trade**

The Government strongly disapproves of corruption in any form in international business transactions. Bribery is prohibited under Swedish law. Through various international forums, Sweden actively promotes the effective application of conventions prohibiting bribery in international business transactions. Among other things, this applies to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the UN Convention against Corruption.

The Government urges companies to follow the principles of the UN Global Compact, which addresses human rights, labour law, the environment and efforts to combat corruption, and to apply the OECD's guidelines for multinational companies.

The Government welcomes initiatives taken by manufacturers of military equipment – initially on a European basis through the European sector organisation, Aero Space and Defence Industries Association in Europe, and then jointly with its American counterpart – to develop and apply an international code of behaviour, including zero tolerance of

It is also important that NGOs, such as Transparency International, monitor trends in the trading of military equipment.

## 17 Co-operation in the multilateral 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 for a long time. There is no legal definition of what is meant by the term “weapons of mass destruction”. Normally, however, the term denotes nuclear, chemical and biological weapons. In modern terminology, radiological weapons are also sometimes considered to be covered by the term. In efforts to prevent the proliferation of weapons of mass destruction, certain weapon carriers, such as long-range ballistic missiles and cruise missiles, are also included.

Multilateral measures to prevent proliferation of weapons of mass destruction have, in particular, been expressed through a number of international conventions and less formal export control regimes.

### **International agreements**

Among the 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 Development, Production, Stockpiling and Use of Chemical Weapons and their destruction (CWC). Sweden is a party to all three conventions (see Swedish Treaty Series 1970:12, 1976:18 and 1993:28).

Under the NPT, non-nuclear weapon states undertake not to receive or manufacture nuclear weapons, and the five nuclear-weapon states commit themselves to disarmament. Furthermore, 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 to any non-nuclear weapon state, unless the source or special fissionable material or equipment is subject to the International Atomic Energy Agency (IAEA) safeguards.

In BTWC, the parties undertake not to transfer, either directly or indirectly, equipment that can be used for the production of biological weapons.

Similarly, the CWC stipulates that the parties shall never transfer directly or indirectly, chemical weapons to any other state.

Although the primary objective of these international agreements is to prevent proliferation of weapons of mass destruction and to promote disarmament, they also require 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 products.

### **The multilateral export control regimes**

To strengthen international co-operation on non-proliferation of weapons of mass destruction, about forty countries have, on their own initiative, joined five 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).

The purpose of the regimes is to identify products and technologies that can be used in connection with weapons of mass destruction and to enhance the uniformity of the participating countries' export controls for these. To support their efforts, each regime has a list of products subject to controls. The lists are revised on a regular basis. Efforts also include the exchange of information on proliferation risks and contacts with third countries in order to promote the regimes' non-proliferation aims.

The basis for the co-operation in the export control regimes is a common political will to prevent the proliferation of weapons of mass destruction. This is achieved through national legislation enabling export controls of products and technologies identified as strategic. Participation in these regimes makes it easier to meet international legal obligations, enshrined in the above-mentioned international conventions, to refrain from assisting other states, directly or indirectly, in acquiring weapons of mass destruction.

### **Basic concepts used by the regimes**

Two key concepts in this multilateral co-operation are denials and consultations. A regime member that has denied 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 the export licence for a similar transaction. This consultation procedure is referred to as the "*no undercut*" principle and is intended to prevent a country from granting an export licence for a product already denied export by another country.

### **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. The circulation of anthrax bacteria in the United States 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 by export, co-operation 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 their activities is to prevent the spread of dual-use products to terrorists. Another measure is to expand information exchange within the regimes to include the risk of items being transferred to non-state actors.

### ***Catch-all clauses***

In order to further strengthen export controls, the regimes have also introduced a catch-all clause in their guidelines for participating countries' national regulations. Catch-all clauses provide a basis for carrying out export controls of products and technologies that are not included in the regimes' control lists where there is reason to suspect that they may be used in connection with weapons of mass destruction or related weapons carriers.

### **The Zangger Committee**

The Zangger Committee, which was established in 1974, deals with issues of export control related to the Nuclear Non-Proliferation Treaty (NPT). The Committee defines the meaning of equipment or material especially designed for the production of specific fissionable material. The NPT stipulates that export of such equipment and material, as well as fissionable material, to a non-nuclear state is only allowed if the fissionable material is subject to IAEA safeguards. The equipment and materials are specified in the Committee's control list, which is updated to follow technological developments. The list can be found in the IAEA's Information Circular No. 209 (INFCIRC/209/Rev.2). Information about the ZC can be found on the website [www.zanggercommittee.org](http://www.zanggercommittee.org).

### **Nuclear Suppliers Group**

The Nuclear Suppliers Group (NSG) has its origins in the "London Club", which was established in the mid-1970s. The work of the NSG involves export controls for products listed in Part 1 and Part 2 of NSG's guidelines, including products for nuclear applications and DUPs that can be used in connection with nuclear weapons. These items are listed in the IAEA's Information Circular No. 254, which includes a control list for each group of items (INFCIRC/254/Rev.10/Part 1 and INFCIRC/254/Rev.8/Part 2).

In 2011, the work continued with a review of NSG's list. In the meantime, efforts to strengthen the regime's guidelines regarding export control of especially sensitive equipment was successfully completed after several years of negotiations. The regime's plenary meeting in Noordwijk, The Netherlands, during 20–24 June addressed issues

concerning nuclear co-operation with India and the commitments made by India to make that co-operation possible. The meeting also addressed the NSG's dialogue with non-member states and the importance of transparency, while, at the same time, the importance of confidentiality between the member states was underscored. At the plenary meeting, each member state also presented an account of its implementation of resolutions adopted by the UN Security Council that have a bearing on the work of the NSG. The European Commission is a member of the regime. Chairmanship for the NSG in 2010/2011 was New Zealand, and in 2011/2012 Netherlands is chair. Information about the NSG can be found on the website [www.nuclearsuppliersgroup.org](http://www.nuclearsuppliersgroup.org).

### **The Australia Group**

The Australia Group (AG) was formed in 1985 at the initiative of Australia. Its aim is to harmonise member countries' export control to prevent the proliferation of chemical and biological weapons (CBW). Originally, it was only concerned with chemical and chemical production equipment. However, the members of the Group decided in 1990 to extend its control lists to include microorganisms, toxins and certain manufacturing equipment for biological weapons.

The AG's work in 2011 centred on the continued exchange of information on the development of new technologies with potential for CBW-related activities. Among other topics, developments in synthetic biology were discussed.

In recent years, efforts to inform member states' national industrial and research institutions on non-proliferation of CBW has become an increasingly important issue within the AG. Further information is available at [www.australiagroup.net](http://www.australiagroup.net).

### **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 ballistic missiles, space launch rockets and missiles and sounding rockets) and other unmanned aircraft (including cruise missiles, target and reconnaissance platforms) with a range of 300 kilometres or more. Controls also extend to components of systems and other products that can be used to produce such missiles.

In 2011, work continued in MTCR on reviewing the content of the lists of controlled products, exchanging information on sensitive proliferation of missile equipment, technological development, national programmes, procurement strategies and engaging in outreach activity targeting a number of countries. At present, a large number of identified non-member states have been proposed for *outreach* activities. Several EU countries are still not members of the MTCR regime. Their membership continued to be blocked in 2011 for political reasons. The MTCR was chaired by Argentina in 2011. At the most recent plenary meeting

Sweden was elected vice-chair of the Technical Experts Meeting and will take over chairmanship for that group in 2013. Skr. 2011/12:114

Information on MTCR is available at [www.mtcr.info](http://www.mtcr.info).

### **The Wassenaar Arrangement**

The Wassenaar Arrangement (WA) was created in 1996 as a successor to the multilateral export control co-operation that had previously taken place within the framework of the *Coordinating Committee on Multilateral Export Controls* (COCOM). The Arrangement's sphere of activity involves controls of conventional weapons, as well as DUP goods and technologies not covered by other regimes. Consequently, it represents an important complement to the work of other regimes that focus exclusively on weapons of mass destruction and certain weapon carriers.

The regime's aim is to contribute to regional and international security and stability by promoting openness and responsible action with regard to transfers of conventional weapons and dual-use products, thus helping to avoid destabilising accumulations. The basic view taken by the Wassenaar Arrangement is that trade in the items in the control lists should be permitted, but must be controlled.

The Wassenaar Arrangement's broader product focus can be found in the two control lists attached to the regime's basic documents: 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. In practice, the two Wassenaar lists guide the contents of the EU's corresponding lists. The Wassenaar Arrangement holds annual plenary meetings in the late autumn (the December 2011 meeting was chaired by the Czech Republic). These plenary meetings address matters of principle for the continued development of the co-operation. On the basis of ongoing technological work over the year, formal decisions are also made regarding updates of the control lists to take into account technological developments in conventional weapons and weapons of mass destruction. During the plenary meeting in December 2011 the result of the review process, conducted every four years in accordance with the Arrangement's basic documents, was approved. A number of new consensus recommendations describing various aspects of good export control were adopted. Further information is available at [www.wassenaar.org](http://www.wassenaar.org).

## 18 UN Security Council Resolution 1540 and the Proliferation Security Initiative (PSI)

In April 2004 the United Nations Security Council adopted Resolution 1540. Under Chapter VII of the UN Charter, the resolution, which is binding for UN member countries, seeks to prevent state and non-state actors from obtaining access to weapons of mass destruction and the

means of delivery for these weapons. With respect to export control, it is established that all states are to establish, develop, effective national controls of exports, transit traffic, trans-shipments and re-exports. The resolution also contains provisions on assistance to other countries in implementing the provisions of this resolution. Skr. 2011/12:114

It was also decided through Resolution 1540 to set up a committee of the Security Council, with the task of reporting to the Council for its examination of the implementation of the resolution. Furthermore, the member countries of the United Nations were urged to report to the Committee on steps that they had taken to implement the resolution. The 1540 Committee's mandate was extended three times, most recently in April 2011, with a mandate period extending to April 2021.

An international activity which has a number of points of contact with, and also partly overlaps with Resolution 1540 is the *Proliferation Security Initiative* (PSI). The EU and Sweden support this initiative, which aims at preventing transport of weapons of mass destruction and components for these within the framework of international and national law. The Swedish authorities concerned are coordinating their work in this sphere and have conducted scenario-based discussion exercises to develop their co-operative capacity.

## 19 UN and EU sanctions with respect to Non-proliferation and export control

### **International sanctions**

Sanctions are a valuable instrument for international efforts to secure peace and security. Sanctions enable the international community to attempt to influence a state's conduct peacefully through various economic and political measures. The purpose of imposing sanctions is to persuade a state to cease a particular conduct or to carry out certain reforms. This may, for instance, involve persuading a state to cease systematic violations of human rights or to attempt to persuade a state to adopt certain democratic principles.

For a number of years, the international community has primarily imposed what are usually referred to as targeted sanctions to attempt to exert influence. Targeted sanctions are focused on a particular product, organisation or individual, instead of on a country in general. In this way, the effect of the sanctions on the civilian population can more easily be avoided, while at the same time the sanctions send a clear signal to those they are intended to influence.

In the case of sanctions targeted at individuals, special consideration must be given to the aspects of legal security and respect for fundamental rights and freedoms.

Chapter VII of the UN Charter serves as the basis for the sanctions of the international community. When the Security Council has decided on sanctions, the member countries are obliged under international law to take steps to incorporate these provisions into their domestic legislation.

The EU may decide on international sanctions within the framework of the Common Foreign and Security Policy. This may entail decisions to implement UN sanctions or independent decisions on sanctions. This takes place through the EU Council of Ministers adopting a Council Decision (previously a Common Position). This obliges EU member states to implement the measures, either jointly or at the national level. The measures that fall within the competence of the Union are then implemented in an EU regulation, which is directly applicable in domestic legislation. The EU regulation can stipulate that certain tasks are to be carried out by special authorities in every member state. Other measures in accordance with the Council Decision fall under the competence of the member states and are implemented in national legislation.

### **North Korea**

As a result of North Korea's atomic weapon test in October 2006, the UN Security Council adopted sanctions against North Korea (Resolution 1718). Within the framework of the Common Foreign and Security Policy, the EU member states decided to impose common sanctions (Council Common Position 2006/795/CFSP). The decisions of the UN and the EU entail, among other things, that it is prohibited to export military equipment to North Korea and that it is prohibited to export material or technology that may contribute to North Korea's programme relating to nuclear weapons, other weapons of mass destruction or ballistic robots. Following new tests of nuclear weapons and missile launches in the spring of 2009, the Security Council agreed on extended sanctions against North Korea (Resolution 1874). The EU's decision to implement these entails certain additional extensions of the sanctions, including a substantial increase in the number of products prohibited for export to North Korea. These regulations are now included in Council Decision 2010/800/CFSP.

The prohibitions are regulated in EC regulation (EC) No. 329/2007, which is directly applicable as law in Sweden. This has been amended by, among other things, Council Regulation (EU) No. 1283/2009. The regulation contains certain possibilities for exceptions from the sanctions. The ISP, SSM, Swedish Financial Supervisory Authority and Swedish Social Insurance Agency have been appointed as competent authorities for, inter alia, granting of consent under the EC regulations.

A considerable part of the sanctions are closely related with the Government's efforts for non-proliferation and export control of goods and technologies, which can be used in connection with weapons of mass destruction. This applies to

- prohibition of exports and imports of all dual-use products as indicated by the EU list of such products,

- prohibition of aid and investment associated with dual-use products as Skr. 2011/12:114 indicated by that list.

The sanctions regime also includes freezing of financial assets for individuals and units associated with North Korea's programme for weapons of mass destruction, including a prohibition of making assets available for these. The list of individuals on the sanctions list was expanded by the EU in December 2011, in connection with the review. The sanctions against North Korea also include an arms embargo, which is mainly implemented in national legislation. There is also the possibility to perform special checks on shipments to and from North Korea.

## **Iran**

At the end of 2006 and beginning of 2007, the UN Security Council adopted resolutions (1737 and 1747 respectively) with decisions on sanctions against Iran. Iran had then not complied with the International Atomic Energy Agency's (IAEA) repeated resolutions, urging Iran, among other things, to suspend activities to enrich uranium. Nor had it accepted a proposal for negotiations. The basis was suspicions that Iran was building up a capacity to develop nuclear weapons and weapon carriers for missile systems. In March 2008, the UN Security Council adopted Resolution 1803, which increased the stringency of the sanctions. Sanctions were further strengthened by the adoption of the Security Council's resolution 1929 in June 2010. The intention of the resolutions is to influence Iran to act in such a way as to restore the trust of the international community that Iran's nuclear activities have solely civil and peaceful aims.

Within the EU, the sanctions have been implemented through common positions and EC regulations that have been added to as time has passed. The provisions are now gathered in Council Decision 2010/413/CFSP and Council Regulation (EC) No. 961/2010. The EU regulations are directly applicable in Sweden and apply as Swedish legislation. These regulations contain some possibilities for exceptions from sanctions. The ISP, SSM, Swedish Financial Supervisory Authority, the Swedish Social Insurance Agency and the Swedish National Board of Trade have been appointed as competent authorities for, inter alia, granting of consent under the EC regulations.

A considerable part of the sanctions are closely related with the Government's efforts for non-proliferation and export control of goods and technologies, which can be used in connection with weapons of mass destruction. This applies to:

- prohibition of exports and imports of dual-use products indicated in the EU list of such products and with the exception of Chapter 5, and certain additional products specifically targeting Iran,
- prohibition of aid and investment associated with dual-use products,
- requirement of export licences for certain other dual-use products,
- requirement of licenses for aid and investment associated with certain dual-use products.

The sanctions regime also includes freezing of financial assets for Skr. 2011/12:114 individuals and units associated with Iran's programme for weapons of mass destruction, including a prohibition of making assets available for these. The number of people and units covered by sanctions targeting individuals expanded considerably in 2011, subsequent to an EU decision in May and in connection with the December review. The sanctions against Iran also include an arms embargo, which is mainly implemented in domestic legislation. There is also the possibility to perform special checks on loads transported by certain Iranian transport companies. Permits are required for the implementation of large-scale financial transactions between the EU and Iranian counterparties and these are to be denied if the transaction could contribute to anything that is sensitive from perspective of proliferation.

#### **Further information about sanctions**

The Ministry for Foreign Affairs has compiled information on the implementation of sanctions against countries including North Korea and Iran at the following website [www.regeringen.se/sanktioner](http://www.regeringen.se/sanktioner). The ISP also provides information about sanctions on the website [www.isp.se](http://www.isp.se).

## 20 Co-operation in the EU on dual-use products

### **The export control regimes and the EU**

The EU's work on export controls of dual-use products (DUP) 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 groups – CONOP (Council Working Party on Non-proliferation), which deals with non-proliferation issues, in general, and WPDU (Working Party on Dual-use Goods), which works with policy issues and updates the control lists provided for by EC Regulation No. 428/2009. The following section takes up the work in WPDU.

### **The year's work on the control lists**

The alterations to the regimes' control lists are inserted in Annex I of the above-mentioned EU Regulation, thus becoming legally binding in all EU member states. Alterations in the regime lists up to the end of 2009 have been inserted in the EU's control list by Regulation (EC) No. 428/2009. This came into force in December 2009. New updates were discussed in 2011, but they have yet to be adopted.

### **Work of the WPDU**

The EU's strategy against proliferation of weapons of mass destruction from 2003 includes an undertaking to strengthen the effectiveness of export controls for DUP in Europe. One fundamental reason for improving export control is that the EU is a large manufacturer of sensitive products and technologies that could be misused for production of weapons of mass destruction. The export control measures required in the EU must at the same time be proportional in relation to the proliferation risk and not unnecessarily disturb the internal market or the competitiveness of European companies.

In addition, activities in 2011 within the framework of the WPDU included: coordination between member states with regard to handling control of DUP not included in the control lists. This has mainly concerned establishing more in-depth collaboration to prevent proliferation of nuclear products and missile products to Iran.

In 2011, extensive attention was given to the Commission's proposal regarding broadened general export licences at the EU level (CGEA) by the European Parliament. The new general licenses are included in Annex II in the DUP Council Regulation. Work on a database of notifications of export licence application denials by member states, in accordance with Council Regulation (EC) No. 428/2009, began several years ago and was launched in 2011.

In 2011, the Commission launched a "*Green Book*" on reviewing the EU's export controls on dual-use products, which aims to initiate a broad

general discussion about how the EU's current system for controlling the export of dual-use products (DUPs) works. The purpose of this joint consultation is to gather information from civil society, non-state actors, industry, academia and the governments of member states regarding the details of the provisions in the current export controls. The aim is to prepare a review of the system and to gradually reform the EU's system of export controls for dual-use products (DUPs) to adapt it to rapidly changing developments in the modern world. The result of the joint consultation will, therefore, contribute to identifying strengths and weaknesses in the current system and to map out a long-term vision of the EU's export control framework. The ambition is that the results will contribute to concrete changes in the current system and to the preparation of a long-term strategy for developing the EU's export controls. Skr. 2011/12:114

At the end of 2011, the Commission presented a proposal for changes in the DUP Ordinance, which means that the Commission is empowered to make changes to Annex I in the DUP Ordinance in accordance with changes that are made on an ongoing basis to the control lists in the multilateral export control regimes and adopt (official) documents to quickly remove destinations and/or products from application areas for the EU's general export licenses. A discussion about the proposal has been initiated in the WPDU.

### **EU coordination within the multilateral export control regimes**

According to the EU strategy to prevent proliferation of weapons of mass destruction, member states shall work to become key partners of the export control regimes. This should take place, in among other ways, by coordination of EU positions within the regimes. A joint action on the part of the EU countries in the different regimes has primarily been aimed at supporting the license applications from EU countries that are not members of the various regimes.

The EU has for a long time taken the view that all EU member states should be invited to join all regimes. The Swedish presidency of the EU worked actively in favour of this in the autumn of 2009. The main reason is the endeavour to maintain a harmonised and effective national export control for all EU countries based on the regimes' control lists, guidelines for export control and exchange of information on proliferation risks. The EU area is a home market for the great majority of dual-use products. Trade within the EU is not export. However, transfer of goods and technology to a third country is export. The EU member states are therefore dependent on one another's export control systems. This is an additional reason why membership in the export control regimes has a particularly important dimension.

By a decision of the NSG and AG, all EU countries are now members of these regimes. The equivalent decision has not yet been made in the MTCR with regard to Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, Slovenia and Romania. This applies to Cyprus with regards to WA.

The Nordic–Baltic co-operation on export controls has broadened and deepened. As part of this work, regular meetings now take place between representatives of the Nordic and Baltic countries. These meetings provide opportunities for exchanges of information and views concerning topical export control issues with reference to both military equipment and dual-use products.

## 21 Raising awareness about export control policy

A large proportion of Swedish national information efforts regarding export controls are conducted by the ISP. Internationally, a great deal of information is also provided by a number of countries and organisations. The purpose of these activities 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 promotes broader international co-operation on issues that are of interest to most responsible exporting countries.

Within the EU, member states have for several years conducted information activities and visited countries outside the EU for discussions regarding export control policy. The main focus of these activities in the field of military equipment has been on the EU's Common Position on Arms Exports and how it works in practice. In the area of dual-use products, the focus has been on informing about Council Regulation (EC) no. 428/2009 and how it is applied in particular Member States. Within the framework of the EU strategy against proliferation of weapons of mass destruction, work has been initiated in recent years aiming at strengthening national export control in third countries by seminars and technical assistance on the part of the EU. This work is also based on UN Security Council Resolution 1540. In 2011, the ISP continued to participate in the EU projects aimed at exchanging experiences within the field of export control of dual-use products, primarily in Eastern Europe and the Caucasus. The projects are led by BAFA (Bundesamt für Wirtschaft und Ausfuhrkontrolle), Germany's equivalent to ISP.

In addition, there is extensive interest among the multilateral export control regimes to have a good dialogue with non-members and interest organisations. The purpose of these contacts is to create a transparency of the regimes' activities, promote their non-proliferation objectives, including accession to the regimes' guidelines for national export control and, where necessary, offer technical assistance in order to strengthen national export control systems. These activities are pursued within the framework of the regimes' outreach programmes.

## Swedish exports of military equipment in 2011

### **Introduction**

The Swedish Agency for Non-Proliferation and Export Controls (ISP) continuously monitors the marketing and export of military equipment and dual-use products, and it supplies the Government with the statistical data for the reporting of exports of Swedish military equipment and dual-use products. Given below are certain explanations to the tables on categories of military equipment, export licences, actual deliveries, leasing, manufacturing rights, co-operation and military-oriented training.

Companies licensed to manufacture and supply military equipment – currently 144, of which about 40 are active exporters – are required to submit reports on various aspects to the ISP.

### **Categories of military equipment**

To facilitate comparisons between figures on Swedish exports of military equipment and those reported by other EU member states, the categories of military equipment are specified in accordance with the EU's military list. Table 19 lists and compares the Swedish categories with the EU categories. This also lists the key product types within each category. Details regarding the content of each category are given in Annex 5.

Unlike the Swedish equivalent, the EU military list makes no distinction between military equipment for combat purposes (MEC) and other military equipment (OME). The list also divides military equipment for combat purposes (MEC) according to the same designations in the EU military list (ML). The MEC category includes equipment with a destructive impact including sights for such equipment and fire direction equipment. The OME category includes parts and components for MEC, as well as equipment that does not have a directly destructive impact in a combat situation.

Where tables state that export licences have been granted or that exports have been made within a particular category, this refers to one or more products in that category or components thereof. However, this does not mean that export licences have been granted for or that exports have been made from each category of equipment.

It is not possible to draw far-reaching conclusions regarding export trends, since total exports are too small to include steady flows of equipment in all categories produced in Sweden, and instead reflect a random focus that is offset over time depending on the export contracts secured by the industry.

### **Export licences**

Export licences for export sales consist of, on the one hand, multiple small transactions of, for example, spare parts or ammunition and, on the other hand, a limited number of large transactions for major systems delivered over several years. Major transactions, which do not necessarily occur every year, can have a tangible impact on the results of an individual year. Against this background, the statistics on granted export licences show considerable fluctuations from year to year.

On the other hand, the scope of the actual exports does not reflect the same year-to-year fluctuations. This is because exports associated with a major export licence in terms of value are normally spread out over several years.

In cases where only one or two export licences have been granted, an approximate value is reported to protect commercial interests and defence secrets.

### **Actual deliveries, etc.**

Export statistics from ISP are based on the export companies and authorities' statutory accounts of the invoiced value of the equipment delivered.

Changes in the statistics reported from one year to another do not, in themselves, constitute a basis for longer-term trend assessments. As mentioned previously, an individual major delivery one year can have a considerable impact on the statistics.

Swedish exports of military equipment are also reported in the general statistics on foreign trade based on the data submitted by the Swedish Customs to Statistics Sweden (SCB). However, the statistics from SCB differ from those reported by ISP. SCB's statistics under the heading of "Arms and ammunition" include products classified as both military equipment and civilian products. Military aircraft, vehicles and vessels are reported under other headings. Furthermore, SCB's statistics include products crossing the border to be repaired in Sweden or abroad. In the ISP statistics, these are not reported as exports for sale. Consequently, SCB's figures are not comparable with the ISP statistics and are not included in this communication.

### **Follow-on deliveries**

It is occasionally of interest to study in greater detail what proportion of export licences for sales to a particular country involve follow-on deliveries. Table 8 provides such an account for countries outside the EU/OECD. This also includes the type of equipment covered by new licences.

## **Leasing**

In recent years, the Swedish defence industry and the Defence Materiel Administration (FMV) have secured various forms of leasing agreements with foreign customers. The background to this can be sought in international trends in recent years whereby international operations frequently entail immediate operational needs for equipment where normal procurement formats are inadequate in terms of the time frame.

Modern equipment manufactured for the Swedish Armed Forces has also become available as a consequence of organisational downscaling and a changed threat scenario lacking immediate threats against Sweden.

One example was the leasing to the United Kingdom, Canada and Italy of artillery localisation radar.

In 2005, the Defence Materiel Administration delivered fourteen JAS 39 Gripen aircraft to the Czech Republic as a consequence of the leasing agreement for 2005–2015 signed between Sweden and the Czech Republic in 2004.

In 2007, the Defence Materiel Administration completed its delivery of fourteen JAS 39 Gripen to Hungary, and during 2011 the Swedish Defence and Security Export Agency initiated a renegotiation of the agreement. In January 2012, a new agreement was signed extending the leasing time until 2026, at which time the agreement will convert to purchase.

Further, Saab Electronic Defence System has a licence to lease GIRAFFE AMB reconnaissance radar equipment to the UK and Australia. The agreement is intended to end during 2012.

During 2011, no leasing licences were granted.

Leasing agreements with foreign customers are not currently included in the export statistics data since they do not comprise sales.

## **Transfers of manufacturing rights, co-operation, etc.**

In 2011, two licences were granted for the transfer of manufacturing rights to countries outside Sweden. The countries concerned were Pakistan and the Republic of Korea.

Furthermore, seven co-operation agreements were examined and authorised for joint development or production in 2011 (see Table 10). In assessments of cases involving the transfer of manufacturing rights or co-operation 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 co-operation normally results in a lengthier commitment than in the case of regular exports. The scope of such agreements, their duration, re-export clauses, etc. are examined in detail in such cases.

Under the Military Equipment Act (1992:1300), the government requires entities having transferred manufacturing rights for military equipment to a party in a foreign country or having entered into a co-

operation agreement with a foreign partner to report on an annual basis whether the agreement is still in force, whether production or other co-operation under such an agreement still takes place and how such co-operation is conducted. In 2011, eight companies reported ownership in 66 legal entities in 33 countries. A total of 144 licenses and co-operation agreements in 37 countries were reported by 20 companies.

### **Military training**

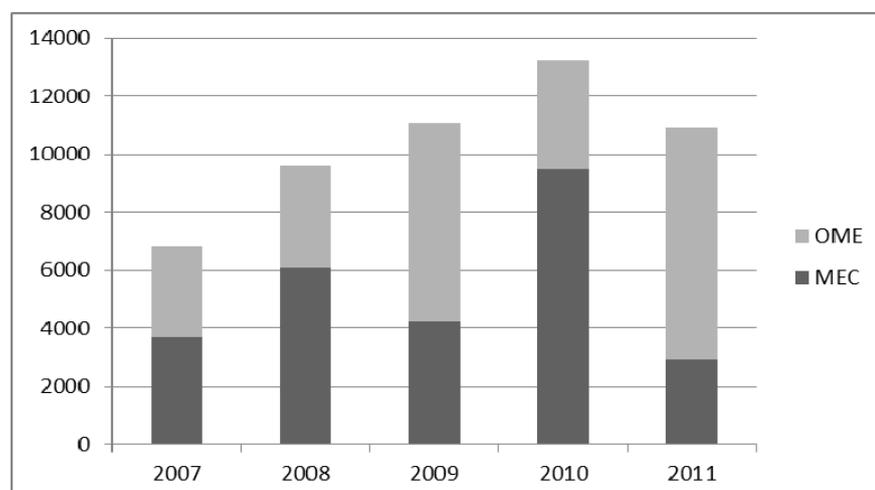
According to the Swedish Military Equipment Act, military training of foreign nationals may not be conducted in or outside Sweden without permission from ISP. This prohibition does not apply to training associated with sales of military equipment for which export licences have been granted.

Two permits for military training were issued in 2011.

**Table 1. Value of export licences granted, broken down into military equipment for combat purposes (MEC) and other military equipment (OME), 2007–2011 (SEK m)**

Year	Amounts in SEK million			Change in per cent		
	Total	MEC	OME	Total	MEC	OME
2007	6 832	3 679	3 153	-55	+73	-76
2008	9 604	6 095	3 508	+40	+66	+11
2009	11 103	4 252	6 851	+16	-30	+95
2010	13 228	9 501	3 727	+19	+123	-46
2011	10 898	2 960	7 937	-18	-69	+113

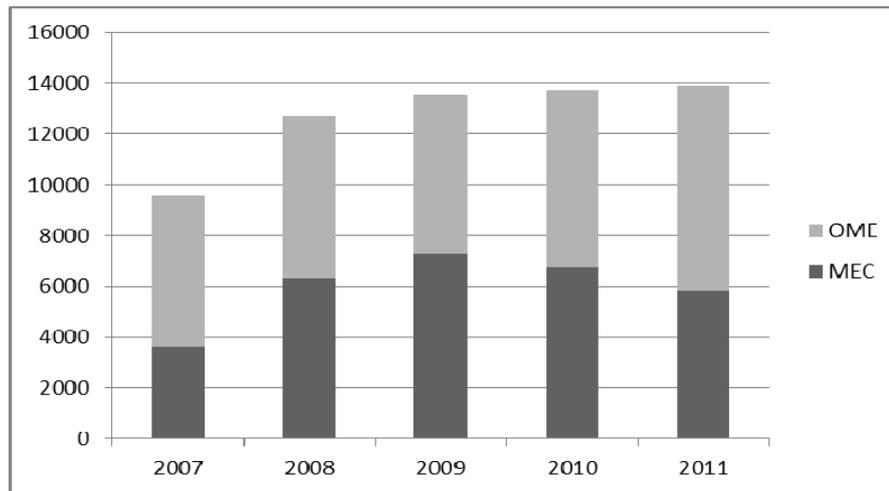
**Table 2. Value of export licences granted, broken down into military equipment for combat purposes (MEC) and other military equipment (OME), 2007–2011 (SEK m)**



**Table 3. Current exports of military equipment 2007–2011 compared with total exports of goods**

Year	Sweden's total exports of goods (current prices) SEK million	Exports of military equipment						
		Share of total exports, %	Ongoing prices, in SEK million			Change in per cent		
			Total	MEC	OME	Total	MEC	OME
2007	1 141 400	0.84	9 604	3 609	5 995	-7	+25	-20
2008	1 195 300	1.06	12 698	6 326	6 372	+32	+75	+6
2009	998 100	1.36	13 561	7 288	6 273	+7	+15	-2
2010	1 138 900	1.21	13 745	6 747	6 998	+1	-7	+12
2011	1 213 600	1.15	13 914	5 840	8 074	+1	-13	+15

**Table 4. Actual exports of military equipment in 2007–2011 (SEK m)**



**Table 5. Export licences and actual exports in 2011, separated according to recipient country and product category (SEK m)**

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licensed equipment (EU military list)*	Value of licences in SEK m	Principal category of exported equipment (EU military list)	Value of exports in SEK m
<b>EU</b>	<b>354</b>	<b>1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 13, 14, 15, 17, 18, 21, 22</b>	<b>1 957.6</b>	<b>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 17, 18, 21, 22</b>	<b>2 772.2</b>
Belgium	18	3, 5, 8	54.9	3, 5, 8, 15	24.2
Bulgaria	2	1, 3	2.5	3	0.3
Denmark	14	1, 3, 4, 5, 6, 8, 10, 14	44.7	2, 3, 5, 6, 8, 10, 14, 17, 18, 21, 22	168.4
Estonia	6	3, 5, 8, 21	6.2	2, 3, 5, 8, 21	3.2

\* A comparison of the EU military list and the Swedish military list is provided in Table 19. The Swedish military list is given in Annex 5.

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licensed equipment (EU military list)*	Value of licences in SEK m	Principal category of exported equipment (EU military list)	Value of exports in SEK m
Finland	40	2, 3, 4, 5, 6, 8, 10, 13, 14, 17, 21, 22	502.3	2, 3, 4, 5, 6, 8, 10, 11, 14, 17, 21	222.6
France	31	1, 2, 3, 5, 6, 8, 11, 14, 22	401.6	1, 3, 5, 6, 8, 10, 11, 13, 22	412.8
Greece	0		0	8	0.2
Ireland	4	2, 3, 14	7.6	2, 3, 4, 14	3.9
Italy	20	1, 3, 5, 6, 8, 11, 17	192.1	1, 3, 5, 6, 8, 11, 17, 18	64.2
Latvia	8	1, 3, 5, 8, 17, 18	8.1	1, 3, 8, 17	20.8
Lithuania	2	3, 18	6.3	3, 8	0.9
Luxembourg	6	1, 5, 13	18, 8	5, 6, 13	5.8
Malta	1	3	0.8	3	0.006
Netherlands	3	1, 5, 8	5.6	1, 5, 6, 8, 10, 13	563.8
New Caledonia	3	3	2.1	3	0.2
Poland	8	3, 8	7.5	3, 8, 14	30.4
Portugal	7	3, 6, 10, 17	6.4	1, 2, 3, 5, 6, 10, 17	1.9
Romania	0		0	3	0.5
Slovakia	2	3	7.4	3, 8	1.1
Slovenia	5	1, 3, 5	3.5	3, 5	0.7
Spain	16	1, 3, 5, 8, 10, 13	94.4	1, 3, 5, 6, 8, 10, 13	11.2
United Kingdom	40	3, 4, 5, 6, 8, 11, 14, 15, 21	341.9	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 14, 15, 18, 21	753.8
Czech Republic	10	3, 4, 5, 8, 14, 18	27.0	3, 4, 5, 8, 14	6.0
Germany	89	1, 3, 4, 5, 6, 7, 8, 10, 11, 17	183.3	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 17, 21	421.9
Hungary	9	3, 5, 8	18.9	3, 8, 17	3.9
Austria	10	1, 3, 5, 8	13.7	1, 2, 3, 4, 8, 10, 13	49.6
<b>Europe, other</b>	<b>91</b>	<b>1, 3, 5, 6, 8, 10, 13, 21, 22</b>	<b>495.6</b>	<b>1, 2, 3, 4, 5, 6, 8, 10, 13, 14, 17, 22</b>	<b>325.7</b>
Andorra	1	3	0.5	3	0.1
Iceland	1	3, 8	1.1	3, 8	0.2
Croatia	3	3, 4, 6	11.5	3	0.4
Norway	51	1, 2, 3, 5, 6, 8,	380.4	1, 2, 3, 5, 6, 8,	241.8

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licensed equipment (EU military list)*	Value of licences in SEK m	Principal category of exported equipment (EU military list)	Value of exports in SEK m
		10, 13, 14		10, 13, 14, 17, 22	
Russia	8	3	73.9	3	8.9
Switzerland	19	3, 4, 5, 8	18.5	2, 3, 4, 5, 6, 8	70.0
Turkey	3	8, 10, 21, 22	5.9	6, 8	4.0
Ukraine	5	1, 3	3.9	3	0.4

<b>North America</b>	<b>74</b>	<b>1, 2, 3, 5, 8, 11, 14, 17, 18, 21</b>	<b>723.4</b>	<b>1, 2, 3, 5, 8, 10, 14, 17, 18, 21, 22</b>	<b>1,181.6</b>
Canada	18	1, 2, 3, 5, 8, 14, 21	148.7	1, 2, 3, 5, 8, 18, 21, 22	428.2
United States	56	2, 3, 5, 8, 11, 14, 17, 18, 21	574.7	2, 3, 5, 8, 10, 14, 17, 18, 21	753.4

<b>Central America and the Caribbean</b>	<b>2</b>	<b>1, 9</b>	<b>55.4</b>	<b>1,5,9</b>	<b>51.6</b>
Mexico	2	1, 9	55.4	1,5,9	51.6

<b>South America</b>	<b>15</b>	<b>3, 8, 14, 18</b>	<b>32.4</b>	<b>2, 3, 5, 14, 18</b>	<b>34.1</b>
Brazil	8	3, 8, 14	10.9	2, 3, 5, 14	12.0
Chile	4	3, 8	20.2	3	21.3
Ecuador	1	3	0.5	3	0.5
Peru	1	18	0.5	18	0.4
Uruguay	1	3	0.3		0

<b>North-East Asia</b>	<b>30</b>	<b>2, 3, 4, 5, 8, 14, 17, 20, 22</b>	<b>756.8</b>	<b>2, 3, 5, 8, 10, 14, 17</b>	<b>43.6</b>
Hong Kong, China	1	13	0.01	5	0.3
Japan	24	2, 3, 4, 5, 8, 14, 17, 20	33.3	2, 3, 8, 14, 17	30.9
Republic of Korea	5	5, 8, 14, 22	723.4	2, 3, 5, 10	12.4

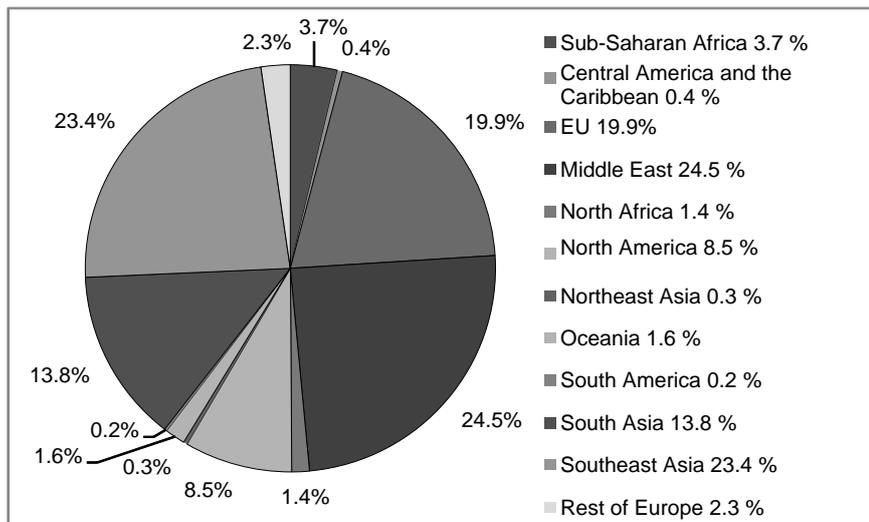
<b>Central Asia</b>	<b>1</b>	<b>3</b>	<b>3</b>		<b>0</b>
Kazakhstan	1	3	3		0

<b>South-East Asia</b>	<b>26</b>	<b>1, 2, 3, 4, 5, 6,</b>	<b>44.3</b>	<b>1, 2, 3, 4, 5, 6,</b>	<b>3 251.0</b>
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Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licensed equipment (EU military list)*	Value of licences in SEK m	Principal category of exported equipment (EU military list)	Value of exports in SEK m
		<b>8, 9, 10, 15, 18, 21</b>		<b>8, 9, 10, 11, 14, 15, 18, 21, 22</b>	
Brunei	0		0	2, 3	32.8
Malaysia	2	2, 5	1.0	2, 5, 15, 21, 22	14.5
Singapore	12	3, 4, 5, 6, 8, 9, 15	29.5	3, 4, 5, 6, 8, 9	186.0
Thailand	12	1, 2, 3, 4, 5, 10, 18, 21	13.7	1, 2, 4, 5, 10, 11, 14, 18, 21	3 017.7
<b>South Asia</b>	<b>19</b>	<b>2, 3, 5, 8, 17, 18, 21</b>	<b>1 389.8</b>	<b>2, 3, 4, 5, 8, 10, 11, 14, 17, 18</b>	<b>1 913.3</b>
Bangladesh	1	3	13.6	3	1.4
India	14	2, 3, 5, 8, 17, 18	1 313.2	2, 3, 5, 8, 11, 17, 18	1 049.5
Pakistan	4	5, 21	63.0	4, 5, 10, 14	862.3
<b>Middle East</b>	<b>18</b>	<b>1, 3, 5, 9</b>	<b>5 319.7</b>	<b>1, 3, 4, 5, 9, 10, 11, 14, 15, 17, 18, 21, 22</b>	<b>3 406.2</b>
Bahrain	2	5	59.0	5, 14, 15, 18, 21, 22	4.4
United Arab Emirates	4	1, 3, 5, 9	653.3	1, 3, 5, 9, 10, 21, 22	526.2
Iraq	1	4	4.0	4	4.3
Kuwait	3	1, 5	56.1	1, 5	1.0
Oman	0		0	5, 14, 21, 22	1.1
Saudi Arabia	8	1, 3, 5	4 547.3	1, 3, 4, 5, 10, 11, 14, 17, 18, 21, 22	2 869.2
<b>North Africa</b>	<b>1</b>	<b>5</b>	<b>0.67</b>	<b>5, 17</b>	<b>198.5</b>
Algeria	0		0	17	197.0
Tunisia	1	5	0.67	5	1.5
<b>Sub-Saharan Africa</b>	<b>12</b>	<b>3, 5, 6, 11, 14, 18, 21</b>	<b>10.1</b>	<b>3, 10, 11, 14</b>	<b>518.4</b>
Namibia	3	3	3.1	3	0.2
South Africa	8	3, 5, 6, 11, 14, 18, 21	6.2	3, 10, 11, 14	518.2
Tanzania	1	3	0.8		0

Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licensed equipment (EU military list)*	Value of licences in SEK m	Principal category of exported equipment (EU military list)	Value of exports in SEK m
Oceania	15	1, 3, 5, 9, 11, 21	110.1	1, 2, 3, 4, 5, 11, 14, 15, 18, 21, 22	217.8
Australia	12	1, 3, 5, 9, 11, 21	99.4	1, 2, 3, 4, 5, 11, 14, 15, 18, 21, 22	211.0
New Zealand	3	1, 3	10.6	2, 3	6.8
<b>TOTAL</b>	<b>658</b>	<b>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 17, 18, 20, 21, 22</b>	<b>10 899</b>	<b>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 17, 18, 21, 22</b>	<b>13 914</b>

Table 6. Exports of military equipment, broken down by region and as a percentage of the value, 2011



**Table 7. Exports of military equipment 2009–2011, broken down by country and divided between MEC and OME (SEK m)**

Amounts in SEK m

Region / country	2009			2010			2011		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
<b>EU</b>	<b>4 109</b>	<b>2 808</b>	<b>6 917</b>	<b>3 511</b>	<b>2 071</b>	<b>5 582</b>	<b>1 409</b>	<b>1 363</b>	<b>2 772</b>
Belgium	10	3	13	3	3	6	19	5.1	24.2
Bulgaria	-	0.5	0.5	-	0.6	0,6	-	0.3	0.3
Denmark	325	257	582	106	385	491	0.8	167.6	168.4
Estonia	19	5	24	5	248	253	0.05	3.1	3.2
Finland	771	183	954	280	153	433	92.7	129.8	222.6
France	183	275	458	15	209	224	93.8	319	412.8
Greece	1	424	425	0.1	2	2	0.2	-	0.2
Ireland		11	11	15	10	25	-	3.9	3.9
Italy	9	136	145	21	109	130	2.5	61.7	64.2
Latvia	15	26	41	9	0.3	9	0.005	20.8	20.8
Lithuania	6	10	16	0.3	2	2	0.04	0.9	0.9
Luxembourg	-	0.008	0.008	8	4	12	-	5.8	5.8
Malta							-	0.006	0.006
Netherlands	2 271	208	2 479	1 917	190	2 107	543.7	20	563.8
New Caledonia	-	0.4	0.4	-	-	-	-	0.2	0.2
Poland	4	5	9	13	21	34	10.8	19.6	30.4
Portugal	0.003	1	1	-	0.7	0.7	0.02	1.8	1.9
Romania	-	0.5	0.5	-	0.3	0.3	-	0.5	0.5
Slovakia	1	1	2	3	1	4	0.2	0.9	1.1
Slovenia	5	1	6	0.01	0.7	0.7	0.005	0.7	0.7
Spain	226	37	263	2	41	43	0.5	10.7	11.2
United Kingdom	213	719	932	1 004	423	1 427	560.5	193.3	753.8
Czech Republic	23	13	36	34	2	36	1	4.9	5.9
Germany	26	438	464	13	252	265	39.4	382.5	421.9
Hungary	0.2	3	3	0.4	2	2	0.5	3.4	3.9
Austria	1	51	52	63	12	75	43	6.6	49.6
<b>Europe, other</b>	<b>137</b>	<b>121</b>	<b>258</b>	<b>123</b>	<b>135</b>	<b>258</b>	<b>141.7</b>	<b>184</b>	<b>325.7</b>

Region / country	2009			2010			2011		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
Andorra	-	-	-	-	0.1	0.1	-	0.1	0.1
Iceland	0.02	0.3	0.3	0.02	0.3	0.3	0.01	0.2	0.2
Croatia	-	2	2	0.06	2	2	0.003	0.4	0.4
Norway	135	59	194	123	92	215	137.7	104.1	241.8
Russia	-	9	9	-	16	16	-	8.9	8.9
Switzerland	2	49	51	0.02	23	23	0.3	69.7	70
Turkey	-	1	1	-	0.2	0.2	3.7	0.3	4
Ukraine	-	1	1	-	1	1	-	0.4	0.4

<b>North America</b>	<b>476</b>	<b>430</b>	<b>906</b>	<b>1 033</b>	<b>700</b>	<b>1 733</b>	<b>701.4</b>	<b>480.2</b>	<b>1 181.6</b>
United States	404	234	638	872	392	1 264	517.5	235.9	753.4
Canada	72	196	268	161	308	469	183.9	244.3	428.2

<b>Central America and the Caribbean</b>	<b>30</b>	<b>5</b>	<b>35</b>	<b>7</b>	<b>2</b>	<b>9</b>	<b>-</b>	<b>51.6</b>	<b>51.6</b>
Mexico	30	5	35	7	2	9	-	51.6	51.6
Trinidad and Tobago	-	-	-	-	0.3	0.3	-	-	-

<b>South America</b>	<b>11</b>	<b>17</b>	<b>28</b>	<b>30</b>	<b>33</b>	<b>63</b>	<b>28.2</b>	<b>5.9</b>	<b>34.1</b>
Argentina	-	-	-	1	1	2	-	-	-
Brazil	11	16	27	7	29	36	7	5	12
Chile	-	1	1	22	2	24	21.2	0.03	21.3
Ecuador	-	-	-	-	1	1	-	0.5	0.5
Peru	-	-	-	-	-	-	-	0.4	0.4

<b>North-East Asia</b>	<b>350</b>	<b>11</b>	<b>361</b>	<b>254</b>	<b>69</b>	<b>323</b>	<b>14.8</b>	<b>28.8</b>	<b>43.6</b>
Hong Kong, China	-	-	-	-	-	-	-	0.3	0.3
Japan	10	4	14	16	14	30	14	16.9	30.9
Republic of Korea	340	7	347	238	55	293	0.8	11.6	12.4

Region / country	2009			2010			2011		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
<b>Central Asia</b>	-	1	1	-	1	1	-	-	-
Kazakhstan	-	1	1	-	1	1	-	-	-

<b>South-East Asia</b>	<b>35</b>	<b>605</b>	<b>640</b>	<b>416</b>	<b>856</b>	<b>1 272</b>	<b>2 799.5</b>	<b>451.6</b>	<b>3,251</b>
Brunei	-	-	-	156	1	157	26.5	6.3	32.8
Malaysia	-	129	129	-	6	6	-	14.5	14.5
Singapore	4	426	430	260	351	611	144.9	41	186
Thailand	31	50	81	-	498	498	2,628	389.7	3 017.7

<b>South Asia</b>	<b>334</b>	<b>1 979</b>	<b>2 313</b>	<b>27</b>	<b>2 009</b>	<b>2 036</b>	<b>1,5</b>	<b>1 911.9</b>	<b>1 913.3</b>
Bangladesh	-	-	-	-	-	-	1.4	-	1.4
India	-	901	901	0.2	696	696	0.01	1 049.5	1 049.5
Pakistan	334	1 078	1 412	27	1 313	1 340	-	862.3	862.3

<b>Middle East</b>	<b>0.03</b>	<b>120</b>	<b>120</b>	<b>208</b>	<b>904</b>	<b>1 112</b>	<b>141.9</b>	<b>3 264.3</b>	<b>3 406.2</b>
Bahrain	-	2	2	23	8	31	-	4.4	4.4
Egypt	-	8	8	-	0.2	0.2	-	-	-
United Arab Emirates	-	61	61	-	804	804	-	526.2	526.2
Iraq	-	-	-	-	-	-	0	4.3	4.3
Jordan	0.03	0.1	0.1	-	0.2	0.2	-	-	-
Kuwait	-	-	-	-	0.1	0.1	0.2	0.8	1
Oman	-	5	5	-	30	30	-	1.1	1.1
Saudi Arabia	-	44	44	185	61	246	141.7	2 727.5	2 869.2

<b>North Africa</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>-</b>	<b>198.5</b>	<b>198.5</b>
Algeria	-	4	4	-	16	16	-	197	197
Tunisia	2	0.09	2	-	0.8	0.8	-	1.5	1.5

Region / country	2009			2010			2011		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
<b>Sub-Saharan Africa</b>	<b>1 726</b>	<b>30</b>	<b>1 756</b>	<b>1 066</b>	<b>13</b>	<b>1 079</b>	<b>511.1</b>	<b>7.2</b>	<b>518.4</b>
Mauritius	-	0.05	0.05	-	-	-	-	-	-
Namibia	-	1	1	-	0.3	0.3	-	0.2	0.2
South Africa	1 726	29	1 755	1 066	13	1 079	511.1	7	518.2
Tanzania	-	-	-	-	0.1	0.1	-	-	-

<b>Oceania</b>	<b>78</b>	<b>142</b>	<b>220</b>	<b>74</b>	<b>186</b>	<b>260</b>	<b>90.6</b>	<b>127.2</b>	<b>217.8</b>
Australia	78	141	219	71	184	255	87.7	123.3	211
New Zealand	-	0.5	0.5	3	2	5	2.9	3.9	6.8
<b>TOTAL</b>	<b>7 288</b>	<b>6 273</b>	<b>13 561</b>	<b>6 747</b>	<b>6 998</b>	<b>13 745</b>	<b>5 840</b>	<b>8 074</b>	<b>13 914</b>

**Table 8. Follow-on deliveries 2011**

Country	Number of licences	Of which are licences for follow-up deliveries	Of which are new licences	Equipment
Andorra	1	1		
Bahrain	2	2		
Bangladesh	1	1		
Brazil	7	7		
Ecuador	1		1	Hunting and sport-shooting ammunition
United Arab Emirates	4	4		
Hong Kong	1		1	Protective filters
India	13	12	1	Explosives materials
Iraq	1		1	Mine clearing
Kazakhstan	1	1		
Croatia	3	2	1	Vehicle electronics
Kuwait	3	3		
Malaysia	2	2		
Namibia	3	3		
Pakistan	4	4		
Peru	1		1	Marine measurement equipment
Qatar	1	1		
Russia	8	8		
Saudi Arabia	5	4	1	Airborne surveillance equipment
Singapore	12	10	2	Thermal imaging cameras, explosive materials
South Africa	8	6	2	Technical data, armoured vehicles
Tanzania	1	1		
Thailand	12	11	1	Weapons accessories
Trinidad and Tobago	1	1		
Tunisia	1	1		
Ukraine	4	4		
Uruguay	1	1		

**Table 9. Licences granted for manufacturing rights issued to foreign companies in 2011**

<b>Country</b>	<b>Company</b>	<b>General scope</b>
Pakistan	Saab AB Support and Services	MFI-17 aircraft, extended agreement
Republic of Korea	Volvo Aero AB	F414, manufacturing of parts for motors

**Table 10. Partnership agreements with foreign companies approved in 2011**

<b>Country</b>	<b>Company</b>	<b>General scope</b>
France	Saab AB Aeronautics	LOANA, Low Observer Apertures for New Air Vehicles
South Africa	SAAB AB Electronic Defence Systems (Gothenburg)	TTA, Technology Transfer Agreement
Republic of Korea	FOI, Swedish Defence Research Agency, Kista	Conceptual design of Combat aircraft
United Kingdom	Saab AB Aeronautics	Training of teachers and pilots at the Empire Test Pilot School
United Kingdom	Saab AB Aeronautics	Training of teachers and pilots at the Empire Test Pilot School
Republic of Korea	Saab AB Aeronautics	Requirement specifications for combat aircraft
Republic of Korea	Applied Composites AB	FSS radome

**Table 11. Value of actual exports during 2010–2011 by product category (SEK m)**

Military equipment for combat purposes (MEC)		2010	2011	Other military equipment (OME)		2010	2011
Swedish military list	EU military list			Swedish military list	EU military list		
MEC10	6	1 961	567	OME21	1	13	3
MEC2	2	1 122	459	OME22	2	756	915
MEC3	3	1 043	729	OME23	3	560	583
MEC4	4	489	157	OME24	4	329	232
MEC5	5	870	452	OME25	5	1 262	908
MEC6	7	2		OME26	13	11	5
MEC7	8	195	192	OME27	8		1
MEC8	9		143	OME28	9	219	141
MEC9	10	1 066	3 139	OME29	10	2 335	4 248
				OME30	6	857	465
				OME33	11, 15	199	225
				OME34	15	5	
				OME35	14	225	198
				OME36	18, 22	96	73
				OME37	21	130	78
<b>Total MEC</b>		<b>6 748</b>	<b>5 840</b>	<b>Total OME</b>		<b>6 997</b>	<b>8 074</b>

**Table 12. Swedish exports of small arms and light weapons in 2011 (as defined in the UN Register of Conventional Arms<sup>1</sup>)**

Category in accordance with the UN Register of Conventional Arms	
<b>Small arms</b>	
1. Revolvers and automatic pistols	No exports
2. Rifles and carbines	No exports
3. Sub-machine guns	No exports
4. Automatic carbines	No exports
5. Light machine guns	No exports
6. Other	Small calibre ammunition

<sup>1</sup> This account does not include exports of hunting and sport-shooting arms and ammunition.

	has been exported to Australia, Denmark, Finland, Italy, Canada, Norway, Switzerland, Singapore, the United Kingdom, the Czech Republic, Germany, and the United States.
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<b>Light weapons</b>	
1. Heavy machine guns (12.7 mm)	Exports of ammunition to Norway
2. Grenade attachment for mounting on weapons (40 mm)	Exports of ammunition to Australia, and Denmark
3. Portable anti-tank grenade launchers	No exports
4. Non-recoiling weapons (rifle systems)	Grenade rifle systems have been exported to Brazil, Japan and the United States. In addition, spare parts, components and ammunition for recoilless grenade systems have been exported to Australia, Brazil, Chile, Denmark, India, Ireland, Japan, Canada, Latvia, Norway, New Zealand, Portugal, the United States and Austria.
5. Portable anti-tank weapons	Anti-tank weapons and ammunition have been exported to Brazil, Denmark, Finland, Norway, Saudi Arabia, the United Kingdom, the United States and Austria. In addition, spare parts, training equipment and components been exported to Denmark, Finland, Norway, Saudi Arabia, the United States and Austria.
6. Grenade launchers with a calibre of less than 75 mm	No exports
7. Other	No exports

**Table 13. Swedish export of MANPADS (Man-Portable Air Defence Systems) in 2011, as defined in the UN Register of Conventional Arms**

MANPADS missiles, spare parts, training equipment, etc. exports for a total value of SEK 107 822 were exported to Australia, Finland, Ireland, Pakistan, Singapore, Thailand and the Czech Republic.

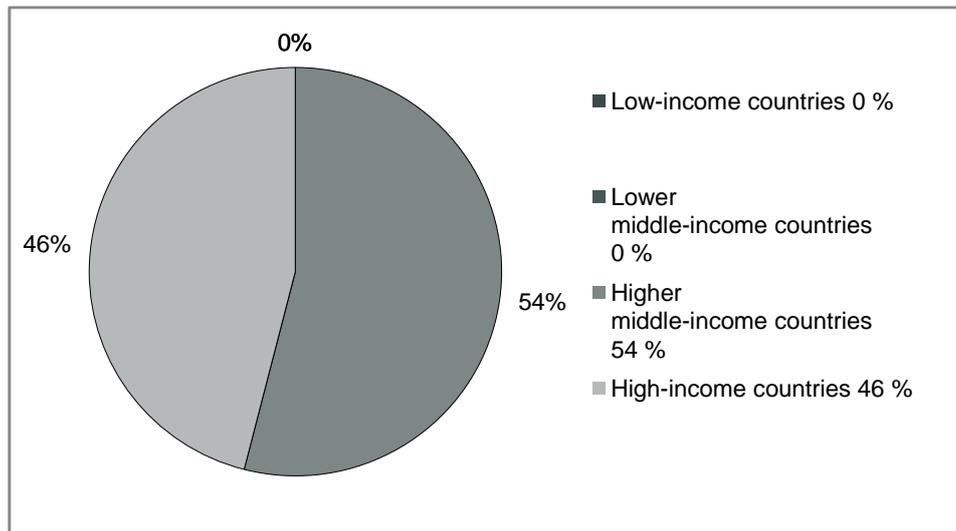
In 2011, the ISP also received attestations of destroyed robots from a recipient country.

**Table 14. Decisions on approved re-export of Swedish military equipment**

In 2011, the ISP received the following applications for re-export of Swedish military equipment which have all been approved.

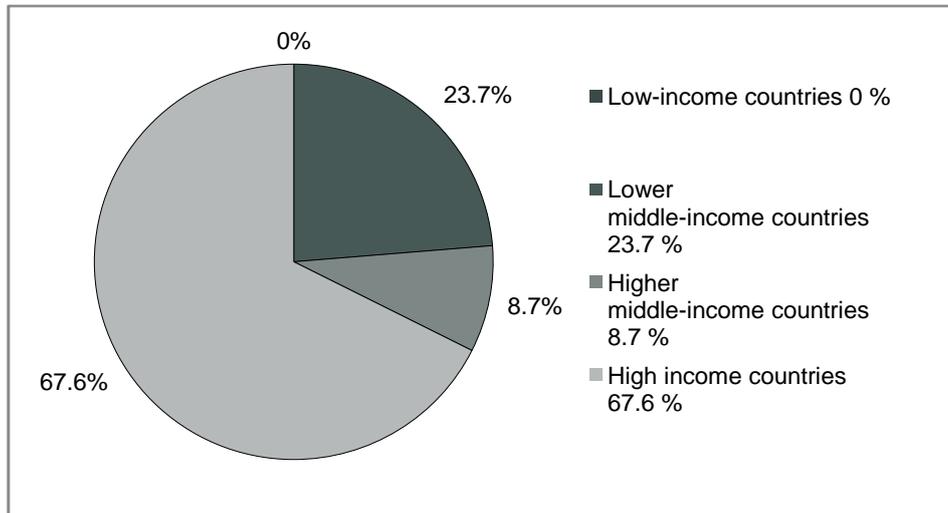
<b>Application from</b>	<b>Equipment</b>	<b>Destination</b>
Norway	Tracked vehicles (OME 30)	Finland
Norway	Missiles 70 firing units, etc. (MEC 4)	Manufacturer in Sweden
Norway	Tracked vehicles (OME 25)	Lithuania

**Table 15. Export of military equipment in 2011, broken down by country, according to income**  
**Export of military equipment for combat purposes (MEC)<sup>2</sup>**

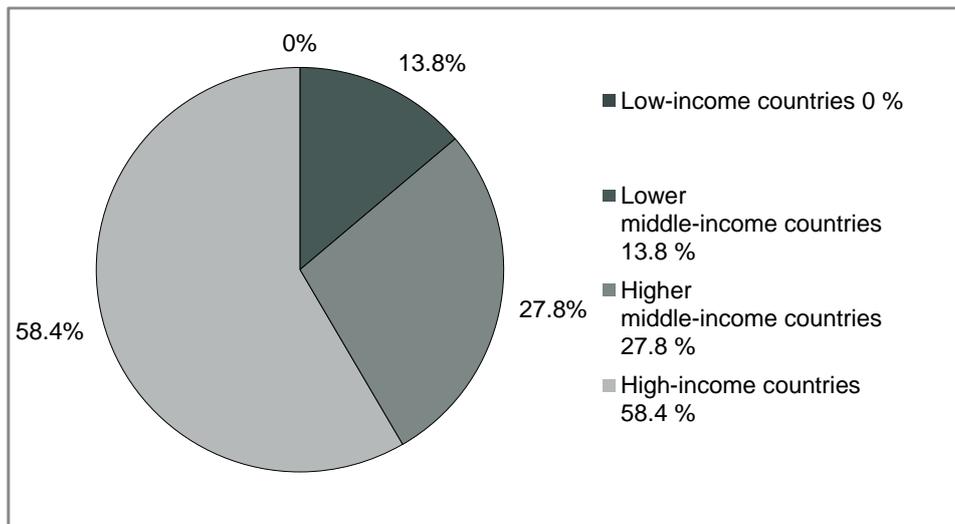


<sup>2</sup> Country groupings are based on the World Bank's country classification by economic status. A complete list of country groupings can be found at the website [www.worldbank.org](http://www.worldbank.org). The countries that Sweden exports military equipment to or has granted an export licence to in 2011 comply with the grouping: **High-income countries:** Andorra, Australia, Bahrain, Belgium, Brunei, Denmark, Estonia, Finland, France, United Arab Emirates, Greece, Hong Kong (China), Ireland, Iceland, Italy, Japan, Canada, Croatia, Kuwait, Luxembourg, Malta, Netherlands, Norway, New Caledonia (FR), New Zealand, Oman, Poland, Portugal, Republic of Korea, Saudi Arabia, Switzerland, Singapore, Slovakia, Slovenia, Spain, United Kingdom, Czech Republic, Germany, Hungary, the United States, Austria. **Upper middle-income countries:** Algeria, Brazil, Bulgaria, Chile, Ecuador, Kazakhstan, Latvia, Lithuania, Malaysia, Mexico, Namibia, Peru, Romania, Russia, Thailand, Tunisia, Turkey, South Africa, Uruguay. **Lower-middle-income countries:** India, Iraq, Pakistan, Ukraine. **Low-income countries:** Bangladesh, Tanzania

**Table 16. Export of other military equipment (OME)**



**Table 17. Total export**



**Table 18. Exporting companies and authorities in 2011**

Companies with exports of more than SEK 10 million (SEK m)

<b>Company</b>	<b>MEC</b>	<b>OME</b>	<b>MEC+OME</b>
Saab AB, Saab Surveillance Systems	0	3 872	3 872
Swedish Defence Materiel Administration, FMV, Stockholm	2 628	362	2 990
Saab Dynamics AB	1 158	403	1 561
BAE Systems Hägglunds AB	544	421	965
FFV Ordnance AB	0	794	795
Saab AB, Aeronautics	579	93	672
Saab AB, Electronic Defence Systems (Gothenburg)	65	570	635
Saab AB, Security and Defence Solutions	184	219	403
BAE Systems Bofors AB	121	158	279
BAE Systems SWS Defence AB	0	248	248
Saab Barracuda AB	0	230	230
Nammo Vanäsverken AB	183	8	191
Norma Precision AB	10	172	182
EURENCO Bofors AB	178	0	178
Kockums AB, Malmö	143	0	143
Volvo Aero AB	0	129	129
Saab Training Systems AB	0	119	119
Swede Ship Marine AB	0	90	90
N. Sundin Dockstavarvet AB	0	51	51
Scania CV AB	0	36	36
Nammo LIAB AB	5	25	30
The Swedish Defence and Security Export Agency (FXM)	24	0	24
FLIR Systems AB	9	6	15

**The following companies and authorities made exports valued at between SEK 1 million and SEK 10 million in 2011:**

Nammo Vingåkersverken AB, Applied Composites AB, Airsafe Sweden AB, Saab Underwater Systems AB, Åkers Krutbruk Protection AB, Saab AB, Support and Services, Polyamp AB, Schill Reglerteknik AB, MDR Complete Demining AB, PartnerTech Karlskoga AB, Befyraem Technologies AB (B4M), Aimpoint AB, Taiga AB, Deform AB, MSE Weibull AB and FMLog Resmat, c/o The Swedish Defence Materiel Administration.

**A number of companies and authorities made exports valued at less than SEK 1 million in 2011:**

ECAPS AB, Loxitec AB, Ekenäs Mekaniska AB, Scanjack AB, Waltreco AB, Comtri AB, Techsonic Aerosystems AB, CNC Process i Hova AB, VO Vapen AB, Filtrator Värme & Vent AB and Spuhr i Dalby AB.

**Table 19. Categories of military equipment – the EU and Swedish lists (an approximate comparison)**

<b>EU military list</b>	<b>Swedish military list (MEC)</b>	<b>Swedish military list (OME)</b>	<b>General scope of category</b>
1	1	21	Smooth-bore weapons with a calibre of less than 20 mm, other arms and automatic weapons with a calibre of 12.7 mm (calibre 0.50 inches) or less and accessories, as follows, and specially designed components therefor.
2	2	22	Smooth-bore weapons with a calibre of 20 mm or more, other weapons or armament with a calibre greater than 12.7 mm (calibre 0.50 inches), projectors and accessories, as follows, and specially designed components therefor.
3	3	23	Ammunition and fuse setting devices, as follows, and specially designed components therefor.
4	4 7 c (part)	24	Bombs, torpedoes, rockets, missiles, other explosive devices and charges and related equipment and accessories, as follows, and specially designed components therefor.
5	5	25a-b,d	Fire control, and related alerting and warning equipment, and related systems, test and alignment and countermeasure equipment, as follows, specially designed for military use, and specially designed components and accessories therefor.
6	10	30a-c,e	Ground vehicles and components.
7	6	26a(part),b	Chemical or biological toxic agents, "riot control agents", radioactive materials, related equipment, components and materials.
8	7	27	"Energetic materials", and related substances.
9	8	28	Vessels of war (surface or underwater), special naval equipment, accessories, components and other surface vessels.
10	9	29	"Aircraft", "lighter-than-air vehicles", unmanned airborne vehicles, aero-engines and "aircraft" equipment, related equipment and components, specially designed or modified for military use.

<b>EU military list</b>	<b>Swedish military list (MEC)</b>	<b>Swedish military list (OME)</b>	<b>General scope of weapon category</b>
11		33 part of MEC4,10, OME28.33	Electronic equipment, not specified elsewhere on the EU Common Military List, as follows, and specially designed components therefor.
12			High velocity kinetic energy weapon systems and related equipment, as follows, and specially designed components therefor.
13		26a (part), c-d	Armoured or protective equipment, constructions and components.
14		35	“Specialised equipment for military training” or for simulating military scenarios, simulators specially designed for training in the use of any firearm or weapon specified by ML1 or ML2, and specially designed components and accessories therefor.
15		34	Imaging or countermeasure equipment, as follows, specially designed for military use, and specially designed components and accessories therefor.
16			Forgings, castings and other unfinished products, the use of which in a specified product is identifiable by material composition, geometry or function, and which are specially designed for any products specified by ML1 to ML4, ML6, ML9, ML10, ML12 or ML19.
17	10 (part)	25c, 30d	Miscellaneous equipment, materials and “libraries”, as follows, and specially designed components therefor.
18		36a-b	Production equipment and components, as follows.
19	11	31	Directed energy weapon systems (DEW), related or countermeasure equipment and test models, as follows, and specially designed components therefor.
20			Cryogenic and “superconductive” equipment, as follows, and specially designed components and accessories therefor.
21		37	“Software”.
22		36c	“Technology”.
		32	Fortifications
	Appendix	C	List of products/substances subject to declaration requirement

# The Swedish Agency for Non-Proliferation and Export Controls on trends in Swedish and international export control

Skr. 2011/12:114  
Annex 2

*The following text is a contribution from the Swedish Agency for Non-Proliferation and Export Controls (ISP), where the agency presents its view on important trends in Swedish and international export control during 2011.*

## **Summary**

The Swedish export of defence equipment is dominated by a few larger business transactions such as Gripen to Thailand and the airborne radar system ERIEYE to Saudi Arabia and the United Arab Emirates. Because the delivery of large previously delivered systems continues to be important, it can be determined that the 10 largest client countries stood for not less than 82 per cent of the total export. Further, it can be noted that the Riksdag in 2011 passed Swedish legislation to introduce the EU directives on trade in defence equipment within the EU, the ICT directive. The new rules come into effect on 30 June 2012 and entail a simplification of trade in defence equipment between EU member states.

With regards to dual-use products (DUPs), the ISP sees a continued increase in the number of licence applications. In order to manage this, global licences must be used to a greater extent. This presupposes that individual companies have well-developed export control routines but also that violations of the regulations are sanctioned. Extensive demands are imposed on the export companies in another way, too. In some cases they must know their customers in order to ensure that the exported products are used in accordance with the designated end user licence.

## **Key development tendencies in 2011 – defence equipment**

In 2011, the value of defence equipment exported from Sweden totalled approximately SEK 13.9 billion, which is slightly more than exports in 2010. Exports during the year have been approved to a total of 63 countries. Of those, exclusively hunting and sport-shooting ammunition was exported to five countries (< 10 Mkr).

As in earlier years a few larger transactions dominated the exports. Examples of this are the export of JAS 39 Gripen aircraft to Thailand and the export of ERIEYE systems to Saudi Arabia and the United Arab Emirates.

Even to India and Pakistan the export has been comparatively large. When it comes to India there were follow-on deliveries for previously exported army equipment; as well as supplementary orders for spare parts and components, as well as ammunition. Regarding Pakistan there are continued deliveries of the airborne ERIEYE radar system. The agreement was signed in 2005. No new transactions have been approved to Pakistan after 2007.

In terms of traditional co-operation countries it can be mentioned that even exports to the United Kingdom, the United States and the Netherlands have been sizable. It is worth noting that the 10 largest purchasing countries together have acquired Swedish defence equipment valued at about SEK 11 billion, which is 82 per cent of total exports.

While exports to Saudi Arabia and the United Arab Emirates were big, exports to other countries in North Africa and the Middle East were limited. There were no exports to Qatar, Morocco, Libya, Egypt, Lebanon, Syria and Yemen in 2011. In 2011, the ISP also revoked three licences in light of developments in the applicable countries. Swedish exports have, in principle, been limited to marine equipment, to radars and radar systems such as ERIEYE, that is, equipment for improved air, sea and border surveillance. Naturally, this is connected to the responsibility of coastal states for their land and sea territories and that these areas cannot be allowed to become a base for pirates or organised crime. The sea passages around the Arabian Peninsula are of significant importance to world trade and to global security.

While Sweden has showed significant restraint when it comes to exporting army equipment to the region, other EU countries have a different policy. The Arab Spring put the question in focus, which means that countries, including the United Kingdom and Germany, have sharpened requirements on parliamentary insight. This has also prompted increased interest in the Swedish system of having an Export Control Council that scrutinizes in advance information regarding potential export transactions to less common destinations or politically sensitive regions.

### **European co-operation**

In the European co-operation the question of trade and defence equipment in the EU (Intra Community Transfer) and the co-operation within the framework of the six-nation initiative (FA/LoI) have been in focus.

Primarily, ICT means that Sweden and ISP can work with three different types of licences: general, global and individual. The general licences are a new addition to Swedish rules and regulations. Companies can also apply for certification with the ISP as a recipient of defence equipment transferred via general licences from subcontractors in the EEA countries. In order to be certified and enjoy the general licences a company must exhibit a well-functioning internal export control organisation. A list of certified companies will be published by the EU and updated on an ongoing basis. Another piece of news is that the EU's Military List will also be used as a guide for Sweden. Among other things, this means that the provision of technical services will require a permit. The new rules come into effect on 30 June 2012.

In terms of developments in the six-nation initiative (FA/LoI) it can be noted that after the review in 2010, a decision was made to put the different working groups on hold and instead strive for coordination with corresponding work in the European Defence Agency (EDA). Given that the EDA does not have a role in the context of export controls, it was

### **International trends**

Introducing the ICT directive in the EU countries has prompted several countries to make changes or initiate the process of making changes to their legislation including Italy, which is doing a complete review of its legislation, and France, which intends to change its export control process from two steps to one. In addition, the Arab Spring prompted a discussion in several EU countries, including Germany, about increased transparency into the export control process for parliament.

In Japan it was decided at the end of 2011 to change the principle of not allowing export of defence equipment, as the Japanese Government deems that the domestic market is too small to support its own industry expertise.

In 2009, the President of the United States decided to conduct a review of the regulations for export control within the framework of a strategy to simplify co-operation with allies and also generally to create conditions that will increase American exports. Among other things, the intention is to publish a new general licence for export to 36 approved countries (including Sweden). The work with the reforms in the United States has not yet been completed. Generally, reforms require the approval of the US Senate, which, given the current political climate, may be an insurmountable obstacle.

### **Dual-use products**

The proliferation of weapons of mass destruction (WMD) is one of the most serious security threats the world faces. Several Swedish authorities are engaged in efforts to prevent the proliferation of WMDs, and a well-functioning co-operation among these agencies is a precondition for this work. To secure this work Co-operation Council on non-proliferation issues was established, among other things. The Co-operation Council is led by the ISP's director general and the purpose is to give authorities working with non-proliferation issues the possibility to coordinate and prioritise their resources at the strategic level. Beyond this, the Council cooperates with the relevant authorities at a more operative level.

The number of cases regarding the export of dual-use products (DUP) and sanctions continues to increase. This means the ISP must continue to develop the licencing process so that resources are focused on the more complex cases. One way to achieve this is by developing forms for issuing global licences. These licences are broad permits that can be issued if the product in question is deemed not sensitive to a specific end user or to a specific destination. In order to implement these types of simplifications fully, the ISP must be given the opportunity to impose sanctions against companies that fail to meet their obligations. If simplifications are implemented without that possibility, there is a risk

that companies will not allocate enough resources for their internal export controls and this, in turn, could lead to a weakening of the export controls. Skr. 2011/12:114 Annex 2

The ISP's primary responsibility regarding non-proliferation is to secure that Swedish products, or products that are exported and transferred from Sweden, do not end up in the right hands and therefore contribute to, for example, a state developing WMD. In concrete terms this means assessing cases where companies want to export controlled products. The licence approval process takes into account both the sensitivity of the product and its end use. While the ISP and the cooperating authorities are knowledgeable in terms of the sensitivity of a product, the issue of ensuring the end user is more difficult. As a general rule, the ISP requires an End User Certificate before an export licence is granted. The purpose of these certificates is to ensure that the recipient company is informed of the fact that the product in question is controlled, and that the company/institution has a duty to not export or transfer the product to a third party without a permit from the ISP, nor to use the product for making WMDs or other military products.

In addition, the ISP can stipulate terms in the export licence, requiring, for example, the exporting company to be present at the installation of the sensitive product to ensure that it is used for the given purpose. For these cases it is very important that the company knows its customers and that the products that are exported are used in accordance with the End User Certificate. A well-functioning export control system requires a good dialogue with the exporting company.

Another important task for the ISP is to inform Swedish companies of their obligation to stay informed about whether the products they produce or sell are controlled. Companies that produce DUPs do not, as is the case with companies that produce defence equipment, need a special manufacturing permit. Therefore, there is extensive need for information initiatives on the part of the ISP to increase knowledge about the export control regulations. The ISP strives to target its information activities where the risk of spreading DUPs is deemed the greatest. One way of doing this is to work with the relevant co-operation authorities to find out where a state is in the process of developing a WMD programme. In this way the information activities can be concentrated on the companies selling or producing products needed in a state's WMD programme.

In this context it should be noted that companies wanting to circumvent export control legislation normally do not turn to the ISP. Instead, they find other ways to smuggle controlled products or in other ways get around the export control legislation. Information from intelligence agencies is of central importance in stopping these behaviours. Through access to intelligence information the ISP gains knowledge about companies in third countries that are involved with a state's supply network or are acting as a front or intermediary. As the ISP may no longer direct the signal surveillance work of the Swedish Defence Radio Centre (FRA), opportunities for gathering information about such circumstances has been significantly impaired.

The Commission's proposal for new EU general export licenses has been discussed for several years. During the autumn the Commission, the Parliament and the member states finally agreed on how these should be designed. The new general licences came into effect in January 2012, and today there are altogether six different types of general licences. The purpose is to simplify the export of certain types of products for specifically designated countries outside the EU (EG1232/2011).

The EU's "Long Term Program" for spreading knowledge about export controls to neighbouring countries and important trading partners was further developed in 2011. The ISP's corresponding German authority BAFA was commissioned to implement the programme, and a staff member from the ISP with regional responsibility for the countries in the Caucasus has assisted.

### **Targeted sanctions**

In recent years targeted sanctions have been used with increasing frequency. This applies not least to the EU sanctions targeting Iran. The sanctions impose a permit requirement for financial transactions to and from Iran.

Sanctions aiming to control products that can be used for domestic repression were decided on at an earlier stage. A new addition to the Council's decision (2011/782/GUSP) from December 2011 is to also control equipment or software used primarily by the Syrian regime for surveillance and bugging/wiretapping. It is likely that using sanctions in this way for humanitarian purposes – by also controlling products that can be used to violate human rights – will increase.

### **Export control regimes**

The various export control regimes have had different focal areas in 2011. For the Wassenaar Arrangement, 2011 was a year for review and follow-up, and proposals were submitted for how co-operation can be developed and improved. As Chairman of one of the task forces Sweden had an active role in this work. A certain improvement was perceived when several best practices were adopted after several years of negotiations. Even in the MTCR, Sweden, through its deputy chairmanship and the Swedish Defence Research Agency's (FOI) work in the TEM (Technical Expert Meeting), has played an active role.

The export control regimes are of fundamental importance to effective export control. It is within these regimes that control lists are changed, where new products can be added to or taken off the lists. It is also through these regimes that agreement is reached over how regulations are interpreted by member states and how a best practices template can be established.

**Swedish arms brokers**

To tackle the problem of uncontrolled arms brokering, the European Council adopted the Common Position 2003/468/CFSP on control of arms brokering on 23 June 2003. According to this, the member states undertake to take necessary measures to control arms brokering within their territory. Under Article 5 of the Common Position, a system was stipulated for exchange of information between member states with respect to national legislation in this area, registered arms brokers, lists of brokers and denials of applications.

The licensing of brokering operations is conducted in accordance with the Military Equipment Act (1992:1300). In 2011, 23 companies were registered as brokers of military equipment.

**Registered arms brokers in 2011**

ACR Aviation Capacity Resources International AB, Airsafe Sweden AB, BAE Systems SWS Defence AB, Countermine Technologies AB, Defendor AB, Ex & Plose AB, FFV Ordnance AB, Gripen International AB, Gripen International KB, Grontmij Installationspartner AB, Millesvik Maskin & Trading AB, MP-SEC International AB, MvP Enterprises, Naverviken Logistic AB, Norabel Ignition Systems AB, Rockwell Collins AB, Sako Oy Finland Filial, Swedish Security Technology & Innovation (SSTI), Södermanland Regiment Museum Association, Tommy Lindmark with North Folk Bullets Scandinavia, Trelleborg Protective Products AB, Venatio AB, W.L. Gore & Associates Scandinavia AB.

**Table 20. Approved individual brokering licences in 2011**

Number	Value	Military list categories <sup>3</sup>	Countries
28	Cannot be disclosed since value is not always ascertained by the ISP	3, 3a, 5, 6, 8a, 9a	Estonia Finland France Netherlands Norway Poland Switzerland United Kingdom Germany

<sup>3</sup> The equipment concerned consists mainly of components, primarily to suppliers in cooperative projects.

## Swedish exports of dual-use products

It is not possible to give a complete account of exports of dual-use products, similar to that provided for military equipment, since control of dual-use products is based on the freest possible trade with controls only when justified. In the most sensitive nuclear area, a large part of trade is to EU member states and all trade outside the EU is subject to licence. These rules are also applied to other particularly sensitive products and technologies. For other dual-use products and technologies (the predominant portion) licences are required only for trade with third countries. Export of other dual-use products to certain countries, such as the United States, are usually covered by general licences.

Trade in dual-use products within the EU is normally not subject to licence. However, licences are required for export to another EU member state of products and technologies as specified in Annex IV of Council Regulation (EC) 428/2009.

### General licences

There are two kinds of general licence, those that apply in accordance with the EU regulations (detailed in Annex II of Council Regulation [EC] 428/2009), and the national Swedish general licence (included in the statutes of the Swedish Customs TFS 2000:24 and amended by TFS 2004:35).

The EU general licence (EU 001) covers products listed in Annex I of EU Regulation 428/2009. This licence applies for exports to Australia, the United States, Japan, Canada, New Zealand, Norway and Switzerland. In 2011, five new general licences were granted. They came into effect in January 2012 (See also Section 6).

The national Swedish general licence covers a large number of products controlled in accordance with the Wassenaar Arrangement's list and applies to 42 countries.

The licence can be used for temporary export for repair or replacement, temporary export for demonstration and export after repair or demonstration that has taken place in Sweden.

These general licences apply without the need for applications to be submitted. Exporters intending to export products covered by these licences to approved countries shall inform the relevant authorities on their first application of the EU general licence, and at the latest 30 days after the date on which the first export took place.

The *catch-all* clause also applies in cases where exporters wish to use general licences. A general licence may not be used if the exporter has been informed by Swedish authorities that the products concerned may in part or in their entirety be intended for use in connection with, for example, the development or proliferation of weapons of mass destruction as defined under Articles 4.1–4.3 of the EU Regulation or if the exporter concerned is aware that the products are intended for such

purposes. According to Article 4.2 of the EU Regulation, special rules also apply in cases where the recipient country is subject to an arms embargo.

### Global licences

Global licences are those associated with a particular company and can cover an unlimited quantity of defined products. The formulation of global licences varies depending on considerations such as the company's needs and the level of sensitivity of the products. Some apply to a single recipient, others to several countries and recipients. Global licences are only issued for civilian end use. These licences can be valid for several years. Most global licences issued cover products controlled in accordance with the Wassenaar Arrangement list.

To obtain a global licence, the company must have a documented and inspected export control organisation. The licence is also subject to conditions, for example, that the exporter must secure undertakings regarding end use to avoid the risk of the products being re-exported to undesirable destinations.

### Individual licences

Individual licences generally only cover a particular contract that an exporter has with a customer. A careful assessment is carried out and a licence is granted only in cases where there is not considered to be any risk that the product will be misused for the production of weapons of mass destruction or military equipment. For military end use, the same grounds for assessment are applied as for exports of other military equipment. For military end use, the application is assessed in accordance with the criteria set out in the Council Common Position 2008/944/CFSP.

**Table 21. Number of export applications received for dual-use products (DUP) 2009–2011**

<b>Export cases</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Total</b> , export licences, global and individual, of which:	786	1 046	1 150
The Wassenaar Arrangement	406	476	602
The Missile Technology Control Regime	1	4	6
Nuclear Suppliers Group (Part 2)	49	21	20
The Australia Group	227	344	342
Sanctions	83	193	180
Uncontrolled products	20	8	0
<b>Total</b> – cases involving transfers of assets and financial services	-	228	649

<b>Export cases</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Registration	-	77	194
Permits	-	151	455

**Table 22. Number of approved individual licences for permanent transfer of DUP products 2011**

<b>Country</b>	<b>Regime</b>	<b>Number</b>
Afghanistan	WA	1
The Syrian Arab Republic	WA	2
Argentina	AG	1
Armenia	WA	1
Azerbaijan	WA, AG	2
Bangladesh	AG	2
Bosnia-Herzegovina	WA	3
Botswana	WA	1
Brazil	AG, WA, NSG	50
Chile	NSG, WA, AG	10
Colombia	WA	2
Dominican Republic	WA	1
Egypt	AG, WA	4
Côte d'Ivoire	WA	1
Philippines	AG, WA	3
People's Republic of China	WA, AG, NSG	133
United Arab Emirates	WA	2
Georgia	WA	1
Ghana	AG	1
Hong Kong, China	AG, WA	3
India	AG, WA	61
Indonesia	AG, WA	6
Iraq	WA	5
Iran	AG, NSG, sanctions	119
Iceland	AG, WA	3
Israel	AG, WA	23
Japan	AG	1
Jordan	AG	1
Kenya	WA	3
Kosovo	WA	2
Croatia	WA	4
Kuwait	WA	1

Country	Regime	Number
Laos People's Democratic Republic	AG	2
Lebanon	AG, WA	2
Libya	WA, AG	3
Macau	WA	1
Malaysia	AG, WA	29
Mexico	WA, NSG	26
Montenegro	WA	2
Norway	AG	4
Oman	WA, AG	2
Pakistan	WA	5
Qatar	AG, WA	5
Republic of Korea	WA, AG, MTCR, NSG	25
Rwanda	WA	1
Russian Federation (Russia)	AG, WA, MTCR	27
Saudi Arabia	AG, WA	11
Serbia	WA	11
Singapore	AG, WA	18
United Kingdom	WA	1
Sudan	WA	2
South Africa	AG, WA	9
Taiwan	WA, AG, NSG, MTCR	34
Tanzania	WA	1
Thailand	AG, WA	33
Tunisia	AG	1
Turkey	AG, WA, NSG	13
Ukraine	AG	5
Uzbekistan	WA	1
Vietnam	AG	2
Belarus	WA	1

**Table 23. Number of advance rulings, enquiries, and uncontrolled DUP products, 2007–2011**

	2007	2008	2009	2010	2011
Total number of advance rulings issued	118	81	89	205	222
Of which, enquiries regarding uncontrolled products	103	93	57	173	164

**Table 24. Number of applications concerning requests for advance rulings – controlled and uncontrolled products in 2011**

Uncontrolled products				Controlled products		
Country	Catch all not applicable	Negative catch-all	Catch all	Listed product, positive	Listed product, denial	Total
Afghanistan	3					3
Syria	2	1	1	1		5
Azerbaijan	1					1
Australia	1					1
Bangladesh				1		1
Democratic People's Republic of Korea	1					1
Egypt	1			2		3
Equatorial Guinea	1			1		2
People's Republic of China	5			6	2	13
United Arab Emirates			1			1
Hong Kong, China	1			2		3
India	5	1		1		7
Iraq	1					1
Iran	120	1	5	6	4	136
Israel				1		1
Jordan				1		1
Cambodia				1		1
Kazakhstan	1			2		3
Kenya				1		1
Kosovo				2		2
Libya	1			1		2
Oman	1				1	2
Pakistan	2			1		3
Russian Federation				2		2
Saudi Arabia				1		1
Singapore	2			2		4
Sudan				1		1
South Africa				1		1
South Korea	1			2		3
Taiwan				2		2
Turkey	1			1		2
Thailand	3			1		4

**Table 25. Number of product enquiries received regarding DUPs 2009–2011**

<b>2009</b>	<b>2010</b>	<b>2011</b>
160	161	182

**Activities at the Swedish Radiation Safety Authority, SSM**

In the nuclear area, a large part of trade is to EU member states and all trade outside the EU is subject to licence. The relevant products and technologies are listed in Annex IV of Council Regulation (EC) No. 428/2009. General licences may not be used.

**Table 26. Export licences granted for dual-use products (DUP) on NSG's list 1, from companies in Sweden (Source: Swedish Radiation Safety Authority)**

<b>Recipient country</b>	<b>2009 Exporting companies, number of licences</b>	<b>2010 Exporting companies<sup>4</sup>, number of licences</b>	<b>2011 Exporting companies<sup>4</sup>, number of licences</b>
EU	Westinghouse, 1	Westinghouse, 1	
Finland	Westinghouse, 2	Westinghouse, 2	Westinghouse, 1
France	Westinghouse, 1		Westinghouse, 2
Iceland	Svenska Tanso, 1	Svenska Tanso, 1	Svenska Tanso, 1
Japan	Sandvik, 1 Westinghouse, 3	Sandvik, 2 Studsvik, 1 Westinghouse, 2	Westinghouse, 5
Canada	The Royal Institute of Technology, 1	Westinghouse, 1	
Kazakhstan		Westinghouse, 1	

<sup>4</sup> Wedholm Medical changed name to KWD Nuclear AB Medical on 9 September 2010

<b>Recipient country</b>	<b>2009 Exporting companies, number of licences</b>	<b>2010 Exporting companies<sup>4</sup>, number of licences</b>	<b>2011 Exporting companies<sup>4</sup>, number of licences</b>
China, People's Republic of		Sandvik, 1	Svenska Tanso, 2 Sandvik, 1
Korea, People's Republic of		KWD Nuclear Instruments AB, 2 Vattenfall Nuclear Fuel AB, 1	Westinghouse, 1
Malaysia	Svenska Tanso, 1		Svenska Tanso, 1
Norway	Studsvik, 1 Wedholm Medical, 3 Westinghouse, 2	Wedholm Medical, 3, Westinghouse, 1	Westinghouse, 1 KWD Nuclear Instruments, 2
Russia		Vattenfall Nuclear Fuel AB, 1	
Switzerland	Westinghouse, 3	Westinghouse, 3	Westinghouse, 1
Spain	Sandvik, 2 Westinghouse, 3	Sandvik 1, Westinghouse, 1	Westinghouse, 1 Spain, 2
South Africa			Westinghouse, 1
Germany	Wedholm Medical, 1	Areva NP Uddcomb, 1 Westinghouse, 4 KWD Nuclear Instruments AB, 1	Westinghouse, 1 KWD Nuclear Instruments, 1 Ringhals AB, 2
Germany France Spain	Areva NP Uddcomb, 1		
Ukraine	Westinghouse, 1	Westinghouse, 1	Westinghouse, 1
United States	GE Hitachi, 1 Svenska Tanso, 1 Westinghouse, 17	Westinghouse, 17	Westinghouse, 7 Sandvik, 2 Areva NP Uddcomb, 1

### **Military Equipment Act**

The production and export of military equipment are governed by the Military Equipment Act (1992:1300) and the Military Equipment Ordinance (1992:1303). Both statutes came into effect on 1 January 1993.

The Military Equipment Act stipulates that military equipment may not be exported without a licence. International co-operation denotes export sales or other provision of military equipment or services (including transfers and brokering). The concept also covers concessions or transfers of production rights, agreements with foreign parties to jointly, or at that party's expense, develop military equipment or methods for the production of such equipment or to jointly produce military equipment. Finally, with certain exceptions, a licence is required to carry out training with a military purpose.

Military equipment is broken down into two categories: military equipment for combat purposes (MEC) and other military equipment (OME). Rules governing what equipment is included in the two categories are provided in the Military Equipment Ordinance. The MEC category includes equipment with a destructive impact including sights for such equipment and fire direction equipment. The OME category includes parts and components for MEC, as well as equipment that does not have a directly destructive impact in a combat situation.

Council Regulation (EC) No. 428/2009 setting up a Community regime for the control of exports of dual-use items and technology requires, in certain cases, export licences for products not included in the concept of military equipment but that are associated with exported military equipment.

Up until 31 January 1996, decisions regarding export licences were made by the minister assigned with presenting military equipment export cases, or, in more important cases, by the Government. Since 1 February 1996, decisions regarding export cases are made primarily by the Swedish Agency for Non-Proliferation and Export Controls (ISP) except those deemed to be of fundamental importance or otherwise of special importance, which are to be referred to the Government for ruling.

### **Swedish guidelines for exports of military equipment and other foreign co-operation**

In accordance with Section 1, Paragraph 2 of the Military Equipment Act (1992:1300), licences for exports of military equipment are only granted if they are justified for security or defence reasons and do not conflict with Sweden's foreign policy. The principles applied when examining licence applications have been established through Government practice and are detailed in the Government Guidelines for the Exportation of Military Equipment and Other Forms of Collaboration Abroad, approved by Parliament (cf. Government Bill 1991/92:174 p. 41 f., bill 1995/96:31

### **Overriding and assessment criteria**

The Guidelines have broad parliamentary support and are applied by ISP when assessing export licence applications in accordance with the Military Equipment Act and the Military Equipment Ordinance.

The EU Common Position on arms exports is implemented in parallel with the Swedish guidelines.

The Guidelines contain two overriding criteria for granting licences under the law, namely that collaboration with other countries is considered necessary to fulfil the Swedish Armed Forces' equipment or know-how needs or is otherwise desirable for reasons of national security, and that collaboration is not in conflict with the principles and aims of Swedish foreign policy. These overriding criteria may be considered as an expression of Section 1, paragraph 2, of the Military Equipment Act.

The guidelines also define the factors that should be taken into consideration in the assessment of individual applications. A basic requirement is that all relevant circumstances in a particular case shall be considered, whether or not they are expressly included in the guidelines. These assessment criteria also apply to collaboration with persons or companies abroad relating to the development or manufacture of military equipment.

The guidelines emphasise in particular the importance that should be attached to respect for human rights in the recipient country when assessing export applications from a foreign policy point of view. The human rights situation in the recipient country must always be taken into consideration, even in cases involving equipment that in and of itself cannot be used to violate human rights.

### **Unconditional obstacles to export**

The guidelines state three kinds of unconditional obstacles that, if present, are considered to make exports impossible. These three are: resolutions of the UN Security Council, international agreements to which Sweden is a party (e.g. EU sanctions) and export hindrances imposed by the stipulations of international law regarding exports from neutral states to those in a state of war.

### **Military equipment for combat purposes and other military equipment**

In 1993, the concept of military equipment was broadened to also include certain equipment with civilian or partly civilian uses. The broadening of the concept resulted in exports that were previously uncontrolled being made subject to political assessment and included in statistics on exports of military equipment. The broadening was accompanied by the

separation of equipment into two categories with guidelines that differ in certain respects.

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For the category military equipment for combat purposes (MEC), the presumption is that export licences should not be issued if the recipient state is involved in armed conflict with another state, or in an international conflict that may lead to armed conflict, or if internal armed disturbances are taking place. A licence should be withdrawn if the recipient state enters an armed conflict or internal armed unrest should arise. However, the withdrawal of a licence can be facilitated if supported by international law and the objectives and principles of Sweden's foreign policy. Nor should licences be granted for exports to a state in which extensive and serious violations of human rights occur. These are the same requirements that were applied before 1993, with the exception that previously, violations of human rights only needed to be taken into consideration if the equipment itself could be used to violate human rights. In the case of other military equipment (OME), which consists largely of products not subject to control prior to 1993 (reconnaissance radar or training simulators, for example), an export licence should be granted to countries not engaged in armed conflict with another state, not subject to internal armed disturbances and where there are no extensive and serious violations of human rights. Thus, the risk of armed conflict is a criterion not applied in assessing exports of other military equipment.

The different guidelines for military equipment for combat purposes and other military equipment mean that a greater number of countries may be considered as potential recipients of other military, i.e. non-destructive, equipment, than as recipients of military equipment for combat purposes.

#### **Follow-on deliveries and "Swedish identity"**

Regarding follow-on deliveries it is stated in the guidelines that "licences should be granted for exports of spare parts pertaining to equipment exported previously with the requisite permission, unless an unconditional 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 refuse a licence".

In the case of collaboration with parties abroad, exports to third countries should be assessed in accordance with the Swedish guidelines if the product has a predominantly Swedish identity. If the product has a predominantly foreign identity, or if Sweden has a strong defence policy interest in co-operation, the export rules of the cooperating country may be applied.

#### **Full text of the Swedish guidelines**

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

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 co-operation with, or exports to, the Nordic countries and the traditionally neutral countries of Europe. In principle, co-operation with these countries may be considered consistent with Sweden's security policy. As co-operation with the other Member States of the European Union develops, the same principles regarding co-operation with foreign partners and exports should be applied to these countries too.

Licences may only be granted to governments, central government agencies or government-authorised recipients; 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, unauthorised 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 co-operation 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 co-operation 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 co-operation 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 the 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.

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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 defence policy interest in cooperating with a certain country and that country conditions the co-operation on being able to export certain products, then depending on the circumstances, permission for exports to a third country can be granted within the framework of the co-operation country's export rules.

In cases where co-operation regarding 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 reached.

### **The Swedish military list**

#### **Annex 1 to the Military Equipment Ordinance (1992:1303) (points A and B, point C is not included in this Communication)**

##### **A. List of military equipment for combat purposes (MEC), in accordance with the Military Equipment Act (1992: 1300)**

###### **MEC1. Barrel weapons of less than 20 mm calibre, etc.**

- a. Rifles and carbines manufactured later than 1937 which are designed for combat since they feature facilities for the firing of grenades, have a bayonet mounting or are in other ways specially adapted for military combat, and are also fully automatic weapons such as automatic carbines, sub-machine guns, light machine guns and machine guns,
- b. Mechanisms, barrels and boxes for the above weapons.

**MEC2. Barrel weapons of 20mm calibre or greater, etc.**

- a. Artillery pieces, such as cannon and howitzers, mortars, and also antitank weapons such as recoilless grenade systems and light anti-armour weapons,
- b. Flame-throwers,
- c. Barrels, mechanisms, gun-carriages, ground plates and recoil mechanisms for the above weapons.

**MEC3. Ammunition and warheads for barrel weapons, etc.**

- a. Ammunition for combat purposes which may be used with MEC1 and MEC2 equipment,
- b. Projectiles, shell bodies, homing devices and submunitions for the above ammunition.

**MEC4. Missiles, rockets, torpedoes, bombs. etc.**

- a. Missiles, rockets, torpedoes, bombs, hand grenades, rifle grenades, land mines and naval mines for combat purposes,
- b. Apparatus and arrangements designed for the arming, deployment and launching of the above equipment,
- c. Homing devices, warheads, submunitions, fuses, proximity fuses, motors, control systems, barrels and carriages for the above equipment.

**MEC5. Apparatus and gear for the aiming and control, etc. of military equipment for combat purposes.**

- a. Firing control equipment functionally integrated in weapons systems and essential for the aiming of weapons under MEC1, MEC2 and MEC4, such as sights, gun-laying instruments, apparatus for gun-laying calculations or trajectory calculations and also sensors,
- b. Target tracking and target illumination systems, and also localisation equipment which provide weapons systems with final targeting information.

**MEC6. ABC weapons, etc.**

- a. Nuclear charges, and also radiological, biological and chemical weapons,
- b. Apparatus and other arrangements for the dissemination of radiological, biological and chemical weapons,
- c. Special components and substances for the above materiel.

**MEC7. Gunpowder and explosives, etc.**

- a. Military gunpowder and fuels for ammunition, missiles, rockets, torpedoes, etc.,
- b. Military high explosives for nuclear charges, ammunition, missiles, rockets, torpedoes, bombs, shells, mines, etc.,
- c. Military destructive charges and military pyrotechnics,
- d. Military fuel thickening agents, including substances (e.g. octal) or mixtures of such substances (e.g. napalm) which are especially designed to produce gel-type incendiary material when mixed with petroleum products, for use in bombs, shells or flame throwers or for other combat purposes.

**MEC8. Warships, etc.**

Vessels, boats and other surface and submarine craft designed for combat in that they are armed or prepared for the fitting of weapons, or in other respects equipped for the deployment, laying or launching of military materiel.

**MEC9. Combat aircraft, etc.**

Aircraft and spacecraft designed for combat in that they are armed or prepared for the fitting of weapons or equipped or designed to carry military equipment covered by MEC4 and MEC6.

**MEC10. Combat vehicles, etc.**

Combat vehicles and other armed or armoured vehicles, and also vehicles prepared for the fitting of weapons or designed for the launching or laying of weapons.

**MEC11. Directed energy weapon systems**

Laser beam, particle beam or micro-wave systems especially designed to damage or destroy targets in the course of military combat.

**B. List of Other Military Equipment (OME) in accordance with the Military Equipment Act (1992:1300)**

For the purposes of this list, a structural, electrical or mechanical change which involves the replacement of a component by at least one specially designed military component, or the addition of at least one such component is referred to as “specially modified for military use”.

A product is considered to be specially designed for military use if it has been primarily developed or designed on the basis of military specifications or objectives, irrespective of whether it also has civilian applications.

The term “special parts and components” refers to parts and components which have been specifically designed for military use or have been modified for such use in accordance with the above definition and have also been subject to final processing to comply with the intended specifications or are incomplete in that only one or a few minor operations are required to achieve completion. However, machine components and electrical and electronic components of standard type do not constitute military equipment if the modification is of a minor nature and does not significantly change the function of the component.

**OME21. Barrel weapons of less than 20 mm calibre, etc.**

- a. Rifles and carbines manufactured prior to 1938 or designed for hunting and sport purposes and also hand-operated firearms such as revolvers and pistols; with the exception of antique firearms manufactured prior to 1890, reproductions of such

weapons, smooth-bore weapons for hunting and sport purposes and also air guns and spring-powered weapons or carbon dioxide weapons with an impact force of less than or equal to 10 joules at a distance of 4 metres from the muzzle.

- b. Special parts for weapons covered by sub-section a. which are subject to the provisions of the Weapons Act,
- c. Special parts for weapons included in MEC1.

**OME22. Barrel weapons of 20 mm calibre or greater, etc.**

- a. Barrel weapons of a type covered by MEC2 but exclusively designed for the launching of non-destructive ammunition,
- b. Special parts and equipment for barrel weapons of 20mm calibre, etc. as above and as covered by MEC2.

**OME23. Ammunition, etc.**

- a. Smoke, flare and training ammunition for weapons covered by MEC1, MEC2 and MEC4,
- b. Expanding bullet ammunition of a type employed for hunting or sporting purposes,
- c. Safety and arming devices, fuse and detonation chain connections.
- d. Special parts for ammunition as above and as covered by MEC3.

**OME24. Bombs, torpedoes, rockets and missiles, etc.**

- a. Training, smoke, flare and foil versions of equipment covered by MEC4a and 4b,
- b. Apparatus and devices for the localisation, discovery, sweeping, clearing, disarming or exploding of equipment covered by MEC3 and MEC4,
- c. Special parts and equipment for material as above and as covered by MEC4.

**OME25. Reconnaissance and measurement equipment, etc. which is specially designed or modified for military applications, etc. including**

- a. Distance, position and altitude measuring equipment, discovery, recognition and identification equipment and also equipment for sensor integration,
- b. Electronic, electro-optical, gyro-stabilised, acoustic and optical observation equipment,
- c. Equipment to suppress acoustic, radar, infra-red and other emissions,
- d. Special parts for equipment as above and as covered by MEC5.

**OME26. Protective equipment, etc.**

- a. Equipment designed for military applications providing protection and defence against conventional weapons and also against biological agents, chemical weapons or radioactive materials covered by MEC6,

- b. Equipment designed for military applications for the discovery and identification of biological and chemical agents and radioactivity, Skr. 2011/12:114  
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- c. Designs involving specially composed combinations of materials to provide protection for military systems against the effects of weapons,
- d. special components for the equipment above.

**OME27. Explosives, etc.**

- a. Special products contained in military explosives, gunpowder and fuels, such as additives and stabilisers, also other substances and mixtures specifically used for the manufacture of products covered by MEC7.

**OME28. Surveillance vessels, specially designed or modified components and equipment for warships and also special naval equipment, etc.**

- a. Vessels for surveillance purposes which are not designed for military action,
- b. Motors which are specially designed or modified for permanent installation in warships and also submarine storage batteries,
- c. Apparatus for the detection of objects under water which are specially designed for military purposes and control equipment for such apparatus,
- d. Submarine and torpedo nets,
- e. Compasses, course indicators and inertial navigation equipment specifically designed for submarines,
- f. Special parts for the above equipment and equipment as covered by the MEC8.

**OME29. Aircraft and helicopters specially designed or modified for military applications, etc.**

- a. Aircraft, helicopters and other air vessels, including those designed for military reconnaissance, military training and military maintenance,
- b. Aircraft engines specially designed for use in military aircraft and helicopters covered by sub-section a,
- c. Unmanned air vessels and auto-guided, programmable air vessels and their launchers, ground equipment and communications and control equipment,
- d. Equipment for high pressure respiration and pressure suits for use in aircraft and helicopters, G-suits, military air helmets and protective masks, oxygen equipment for aircraft, helicopters and missiles and also catapults and other ejection equipment for personnel rescue purposes,
- e. Parachutes for combat personnel, the air dropping of loads and speed reduction,
- f. Special parts for the above equipment and equipment as covered by MEC9.

**OME30. Vehicles which are specially designed or modified for military applications, etc. including**

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- a. Towing vehicles,
- b. Artillery trucks and traction vehicles especially designed to pull artillery pieces and combat vehicles,
- c. Amphibious vehicles, vehicles for deep-fording and also hovercraft,
- d. Mobile workshops especially designed for servicing military equipment,
- e. Special parts for the above equipment and equipment as covered by MEC10.

**OME31 Directed energy weapons systems, etc.**

- a. Special parts for directed energy weapons systems.

**OME32. Fortification facilities, etc.**

- a. Fortification facilities primarily designed for armed defence measures or for the direct command of such measures,
- b. Production data for the above facilities.

**OME33. Electronic equipment especially designed for military applications, etc.**

- a. Jamming equipment and equipment for countermeasures against jamming, including electronic jamming equipment (ECM) and equipment for countermeasures (ECCM),
- b. Countermeasure equipment for submarine applications, including acoustic and magnetic jamming equipment and decoy targets which are designed to produce alien or false signals in sonar receivers,
- c. Security equipment for computers and for transmission equipment and signal links which employ cryptography,
- d. Special parts and components for the above equipment.

**OME34. Photographic and electro-optical image equipment especially designed for military use, etc.**

- a. Aerial reconnaissance cameras and associated equipment,
- b. Film development and copying apparatus,
- c. Infra-red, thermal image and light amplification equipment and also countermeasures against such equipment,
- d. Special parts and components for the above equipment.

**OME35. Training equipment, etc.**

- a. Equipment designed for military applications involving training in the use of equipment covered by this list,
- b. Special parts and components for the above equipment.

**OME36. Equipment for the manufacture of military equipment, etc.**

- a. Specially designed or modified manufacturing equipment and special parts and components for such equipment,
- b. Specially designed environmentally determined test facilities for certification, qualification or testing,

- c. Production data for the manufacture of military equipment.

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**OME37. Software**

- a. Software which is specially designed or modified for the development and production of or use in equipment or materiel covered by this list,
- b. Special software as follows:
1. Software specially designed for military command, communications, control or intelligence applications,
  2. Software specially designed for the simulation of the operating sequence of military weapons systems,
  3. Software to determine the effects of conventional, nuclear, chemical and biological weapons.

**The EU's Common Position on Arms Exports**

The Council Common Position 2008/944/CFSP of 8 December 2008 on defining common rules for governing the control of exports of military technology and equipment can be found in OJEC L 335, 13.12.2008, page 99. More information can be found at website: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:sv:PDF>.

**Council Regulation (EC) No. 428/2009 on the establishment of a Community regime for the Control of Exports of Dual-use Products**

In 2009, the Council adopted Council Regulation (EC) No. 428/2009 setting up a Community regime for control of exports, transfers, brokering and trans-shipment of dual-use products (revision). The Regulation came into force on 27 August 2009, replacing the EU regulation from 2000, Council Regulation (EC) No. 1334/2000. Unlike the multilateral export control regimes, the Regulation is legally binding for Sweden and all other EU member states. The purpose is to, as far as possible, establish free movement of controlled products within the internal market while the various national systems for control of exports to third countries are strengthened and harmonised. More information can be found at website: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:134:0001:0269:SV:PDF>.

The Regulation unites member states' undertakings within the framework of the multilateral export control regimes with the greatest possible freedom of movement of goods within the internal market. Developments within the regimes are taken into account through regular amendments and updates of the product lists included in the Regulation. The annexes to the Regulation are determined within the framework of first pillar co-operation within the EU, meaning they have a direct effect at the national level. In accordance with the Regulation, the annexes are to be updated annually.

The Regulation facilitates the assessment of licensing cases by including common criteria that member states shall take into account in their consideration. However, licences are granted at the national level. In addition, there is a general community licence for exports of certain products to certain specified third countries. This type of licence facilitates the work of exporting companies in that a single licence can be cited regardless of where in the EU the exports originate. This has also led to increased consensus in the EU on exports of this kind.

### **The catch-all clause**

Under Article 4 of Council Regulation (EC) 428/2009 a licence may also be required for exports of items that are not specified in the annexes to the Regulation ('non-listed products') if the exporter has been informed by the Swedish authorities 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 catch-all clause has been included to prevent the regulations from being circumvented due to the fact that, on account of technological developments, the lists of products are seldom all-inclusive.

For the catch-all clause to be applicable, the exporter must have been informed of the products area of use by Swedish authorities. However, if aware that a product is entirely or partly intended for uses regulated in Articles 4.1–4.3 of the EU Regulation, the exporter is required to report this to the Swedish authorities. ISP or SSM shall then determine whether a licence is required for the export.

In certain cases, the catch-all clause also contains special licensing requirements for exports related to military end use or military equipment or for exports of non-listed products that are or could be intended for military end use in a country subject to a UN, EU or OSCE embargo and for non-listed products that are or could be intended for use as parts or components for illegally exported military equipment.

### **Swedish legislation**

In Sweden, the EU Regulation is complemented by the Act (2000:1064) concerning Control of Dual-Use Products and of Technical Assistance and the Ordinance (2000:1217) on Control of Dual-Use Products and of Technical Assistance. Both statutes came into effect on 1 January 2001.

Compared to what applies in legislation on military equipment, where export licences represent exceptions from a general prohibition on exports, the reverse is true in the regulations on controls of dual-use products. Here, the starting point is that export licences shall be granted unless this would conflict with foreign policy or security considerations as described in the EU Regulation.

Exports, transfers and brokering of dual-use products are subject to licensing with ISP as the licensing authority. With regard to nuclear materials, etc. included in category 0 in Annex I of the EU Regulation, however, the Swedish Radiation Safety Authority (SSM) provides licensing.

Like its predecessor, the Act concerning Control of Dual-Use Products and of Technical Assistance lacks specific rules regarding opportunities to receive advance rulings regarding whether or not an export licence will be provided for the possible export of dual-use products to a specific destination. In practice, however, the trend has entailed ISP giving companies advance rulings.

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**Table 27. Membership of multilateral export control regimes in 2011**

Country	ZC	NSG	AG	MTCR	WA
Argentina	x	x	x	x	x
Australia	x	x	x	x	x
Belgium	x	x	x	x	x
Brazil	-	x	-	x	x
Bulgaria	x	x	x	x	x
Cyprus	-	x	x	-	-
Denmark	x	x	x	x	x
Estonia	-	x	x	-	x
Finland	x	x	x	x	x
France	x	x	x	x	x
Greece	x	x	x	x	x
Ireland	x	x	x	x	x
Iceland	-	x	x	x	-
Italy	x	x	x	x	x
Japan	x	x	x	x	x
Canada	x	x	x	x	x
Kazakhstan	x	x	-	-	-
China	x	x	-	-	-
Korea (Rep.)	x	x	x	x	x
Croatia	x	x	x	-	x
Latvia	-	x	x	-	x
Lithuania	-	x	x	-	x
Luxembourg	x	x	x	x	x
Malta	-	x	x	-	x
Netherlands	x	x	x	x	x
Norway	x	x	x	x	x
New Zealand	-	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
Switzerland	x	x	x	x	x
Slovakia	x	x	x	-	x
Slovenia	x	x	x	-	x
Spain	x	x	x	x	x
United Kingdom	x	x	x	x	x
Sweden	x	x	x	x	x
South Africa	x	x	-	x	x
Czech Republic	x	x	x	x	x
Turkey	x	x	x	x	x
Germany	x	x	x	x	x
Ukraine	x	x	x	x	x
Hungary	x	x	x	x	x
United States	x	x	x	x	x
Belarus	x	x	-	-	-
Austria	x	x	x	x	x
TOTAL	38	46	40	34	40

The European Commission participates as a partner in the Australia Group and as an observer in the Nuclear Suppliers Group and the Zangger Committee.

**Denial.** A negative decision by an authority regarding an application by an individual or entity for a licence to export military equipment or dual-use products to a certain country. A member of a multilateral export control regime is expected to inform other members of a negative decision. According to Council Regulation (EC) No. 428/2009, the relevant authorities in the EU member states shall inform one another and the Commission of denials.

**Export control regimes.** The Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Wassenaar Arrangement and the Missile Technology Control Regime (MTCR). The objective of the multilateral regimes 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 to the regimes.

**Catch-all.** This concept refers to the possibility to subject dual-use goods that are not included in the export control lists to export controls. An exporter shall advise the export control authority if the export control authority has informed it that the item that it wishes to export may be intended for the production, etc. of weapons of mass destruction. The authority determines whether it is suitable to require a licence for the export. The same applies where the exporter is aware that the item is intended for production, etc. of such weapons.

**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 co-operation in several export control regimes.

**Intangible transfers.** Transfers of software or technology by means of electronic media and from person to person from one country to another.

**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.

**No-undercut.** When a denial is issued, the other members of the multilateral export control regimes are expected to consult the state that has issued this denial before deciding whether to grant the export licence for an equivalent transaction. The purpose of this is to make sure that the refused buyer does not try to find a supplier in another country and that countries' export controls do not lead to competitive distortions. According to Council Regulation (EC) No. 428/2009, the relevant

authorities in the EU member states shall inform one another and the Commission of denials.

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**Outreach.** Information activities and support to states, authorities, companies, etc. in export control contexts.

**Export licences.** According to 6 § of the Military Equipment Act (1992:1300), military equipment may not be exported from Sweden without permission, unless otherwise stipulated by the Act or other statute. A company applies for an export licence for the amount agreed by contract with a particular country. Deliveries are then usually conducted over several years and seldom commence in the year in which the contract was signed. Consequently, export licences are not the same thing as an actual delivery; they merely indicate the volume of orders for controlled products won by Swedish companies in the international market in a given year.

AG	The Australia Group
ATT	Arms Trade Treaty
BAFA	Bundesamt für Wirtschaft und Ausfuhrkontrolle
BTWC	Biological and Toxin Weapons Convention
CCM	Convention on Cluster Munitions
CGEA	Community General Export Authorisation
COARM	Council Working Party on Conventional Arms Exports
COCOM	Coordinating Committee on Multilateral Export Controls
CODUN	Council Working Group on Global Disarmament and Arms Control
CONOP	Council Working Group on Non-proliferation
CWC	Chemical Weapons Convention
ECC	The Export Control Council
EURENCO	European Energetics Corporation
OJ	Official journal of the European Union
FOI	Swedish Defence Research Agency
IAEA	International Atomic Energy Agency
ISP	The Swedish Agency for Non-Proliferation and Export Controls
MEC	Military equipment for combat purposes
LoI	Letter of Intent
MANPADS	Man-portable air defence systems
WMD	Weapons of mass destruction
MTCR	Missile Technology Control Regime
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
OPCW	Organisation for the Prohibition of Chemical Weapons
OSCE	Organisation for Security and Co-operation in Europe
DUP	Dual-use products
PSI	Proliferation Security Initiative
SALW	Small arms and light weapons
SIPRI	Stockholm International Peace Research Institute
SME	Small and medium-sized enterprises
SOFF	Swedish Security and Defence Industry Association
SSM	Swedish Radiation Safety Authority
TI	Transparency International
WMD	Weapons of mass destruction
WPDU	Working Party on Dual-Use Goods
OME	Other military equipment

Further information about the subject matter of this Communication can be found on the websites listed below. Most of these belong to organisations 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	<a href="http://www.australiagroup.net">www.australiagroup.net</a>
European Parliament	<a href="http://www.europarl.europa.eu">www.europarl.europa.eu</a>
The European Council	<a href="http://www.consilium.eu">www.consilium.eu</a>
The European Union	<a href="http://www.europa.eu">www.europa.eu</a>
The Export Control Council	<a href="http://www.isp.se">www.isp.se</a>
The United Nations	<a href="http://www.un.org">www.un.org</a>
International Atomic Energy Agency	<a href="http://www.iaea.org">www.iaea.org</a>
The Swedish Agency for Non-Proliferation and Export Controls	<a href="http://www.isp.se">www.isp.se</a>
The Missile Technology Control Regime	<a href="http://www.mtcr.info">www.mtcr.info</a>
Nuclear Suppliers Group	<a href="http://www.nuclearsuppliersgroup.org">www.nuclearsuppliersgroup.org</a>
Organisation for the Prohibition of Chemical Weapons	<a href="http://www.opcw.org">www.opcw.org</a>
OSCE	<a href="http://www.osce.org">www.osce.org</a>
Stockholm International Peace Research Institute	<a href="http://www.sipri.org">www.sipri.org</a>
The Swedish Radiation Safety Authority	<a href="http://www.ssm.se">www.ssm.se</a>
The Swedish Export Control Society	<a href="http://www.chamber.se/exportcontrol">www.chamber.se/exportcontrol</a>
Ministry for Foreign Affairs	<a href="http://www.ud.se">www.ud.se</a>
The Wassenaar Arrangement	<a href="http://www.wassenaar.org">www.wassenaar.org</a>
The Zangger Committee	<a href="http://www.zanggercommittee.org">www.zanggercommittee.org</a>

Excerpt from the minutes of the Cabinet meeting on 15 March 2012.

Present: Prime Minister Reinfeldt, chairman, and the following cabinet ministers: Ask, Larsson, Erlandsson, Hägglund, Carlsson, Borg, Sabuni, Billström, Adelsohn Liljeroth, Tolgfors, Björling, Ohlsson, Norman, Attefall, Engström, Kristersson, Elmsäter-Svärd, Ullenhag, Hatt, Ek, Löf

Agenda items presented by: Björling, Minister

The Government decides to present to Parliament the Report  
2011/12:114, Strategic Export Control in 2011 – Military Equipment and  
Dual-Use Products.