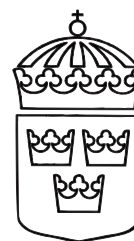


# Government Communication

## 2010/11:114



### Strategic Export Control in 2010 – Military Equipment and Dual-Use Products

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Skr.  
2010/11:114

The Government hereby presents this Communication to the Riksdag.

Stockholm, 10 March 2011

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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 2010. The Communication also contains a presentation of actual exports of military equipment in 2010. Furthermore, it describes the co-operation in the EU and other international fora on matters relating to strategic export controls on both military equipment and dual-use products.

1	The Government Communication on Strategic Export Control.....	4
2	Exports of military equipment and dual-use products in 2010 .....	4
3	Information activities.....	7
4	Swedish exports, export controls and efforts to promote exports .....	8
4.1	Questions regarding military equipment .....	8
4.2	Dual-use products .....	11
5	Sweden’s defence industry – structure and products .....	13
6	Swedish exports of dual-use products .....	15
7	The Swedish Agency for Non-Proliferation and Export Controls ..	16
8	The Swedish nuclear industry and the Swedish Radiation Safety Authority.....	21
9	Co-operation in the EU on export controls of military equipment .	24
10	International reporting on arms transfers.....	30
11	Current issues regarding international arms embargoes .....	31
12	The international arms trade .....	33
13	An international Arms Trade Treaty, ATT .....	33
14	Efforts to combat the proliferation of small arms and light weapons 34	
15	International co-operation on military equipment .....	36
16	Combating corruption in the international arms trade .....	37
17	Co-operation in the multilateral export control regimes .....	37
18	UN Security Council Resolution 1540 and the Proliferation Security Initiative (PSI) .....	42
19	UN and EU sanctions with respect to non-proliferation and export control.....	43
20	Co-operation in the EU on dual-use products.....	46
21	Outreach regarding export control policy .....	48
	Annex 1 Swedish exports of military equipment in 2010.....	49
	Annex 2 The Swedish Agency for Non-Proliferation and Export Controls on trends in Swedish and international export control.....	69
	Annex 3 Arms brokering .....	77
	Annex 4 Swedish exports of dual-use products.....	78
	Annex 5 Regulatory framework .....	85
	Annex 6 International arms embargoes .....	108
	Annex 7 Explanations.....	119
	Annex 8 Abbreviations.....	121

Annex 9 Guide to other sources ..... 122    Skr. 2010/11:114  
Excerpt from the minutes of the Cabinet meeting of 10 March 2011 .. 123

## 1 The Government Communication on Strategic Export Control

This is the twenty-sixth 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 1-6 include statistics on Sweden's exports of military equipment and dual-use products, the relevant Swedish and European regulatory frameworks and a list of international arms embargoes. 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 2010

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 community 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 fora. 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.

Regarding military equipment, an important advance was achieved at the end of 2008 with the adoption of the European Union's Code of Conduct on Arms Exports as a common position (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, p99. 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 also adopted a directive serving to harmonise regulations on the transfer of defence-related materials between member 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, OJ L 146, 10.6.2009, pp1–36).

## **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 2010 that companies and authorities exporting military equipment are required by law to report annually and that have been compiled by the 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 2010. Of these 63 countries, seven took delivery of hunting and sport-shooting ammunition alone. The regional distribution of exports for 2010 shows the normal pattern whereby the largest part of Swedish exports of military equipment goes to EU member states, other European countries and well-established partner countries.

The value of actual export deliveries of military equipment in 2010 was SEK 13.7 billion. Consequently, total exports were largely unchanged compared with 2009 (approximately SEK 13.5 billion). The largest individual destination countries for Swedish military equipment in 2010 were the Netherlands (SEK 2.1 billion) followed by the United Kingdom (SEK 1.4 billion), Pakistan (SEK 1.3 billion), the United States (SEK 1.2 billion) and South Africa (SEK 1.1 billion). The exports to the Netherlands consisted largely of combat vehicles. Exports to the United Kingdom consisted predominantly of BvS10 tracked vehicles and reconnaissance radar. With regard to Pakistan, the Swedish Agency for Non-Proliferation and Export Controls (ISP) decided at the end of 2007 not to grant any permits for new export transactions until further notice. Exports to that country in 2010 consisted of deliveries within previously established contracts (airborne reconnaissance radar) and follow-on deliveries for systems supplied earlier. During 2010, deliveries commenced of the BILL anti-tank missile system to Saudi Arabia. The contract was signed in 2005.

The group of “largest recipient countries” varies from year to year. This can also 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 2010 was SEK 13.2 billion, corresponding to an increase of approximately 19 per cent compared with 2009. 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 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 dual-use products takes place mainly through a number of international bodies – multilateral export control regimes. Within these, there is a 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 multilateral export control regimes the Australia Group (AG), (B and C weapons), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG), the Wassenaar Arrangement (WA), (conventional weapons) and the Zangger Committee (ZA), (nuclear equipment), continued in 2010. A number of EU member states still lack membership in some of the export control regimes. The EU has continued to act in favour of these countries becoming members of the export control regimes.

During the year, EU negotiations continued regarding a Commission proposal from 2009 on new general export licenses. Skr. 2010/11:114

### 3 Information activities

Information activities relating to the trade in military equipment and dual-use products are undertaken at both national and international level. 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](http://www.regeringen.se) and [www.isp.se](http://www.isp.se).

Preparations are also being made in 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 acts for this report, which is published in the Official Journal of the European Union (OJEC), to be continuously improved and expanded. The latest report was published in OJ C 9, 13.1.2011, p1: (see website: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:C:2011:009:SOM:EN:HTML>).

To promote information access 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](http://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](http://www.isp.se) and [www.ssm.se](http://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 2010, the ISP continued to arrange seminars and information meetings primarily for industry executives, but also for banks and financial institutions.

## 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 transshipment 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. The EU's Common Position was revised in 2004 and 2005 to further reinforce it as an instrument for export control. The EU's Common Position was adopted as a common position at the end of 2008. 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 dynamic trend within the EU co-operation, particularly with the adoption of the ICT directive, has affected the conditions for the processing of the Military Equipment Inquiry (KRUT, SOU 2005:9). In this context, the process initiated within the UN framework regarding an international Arms Trade Treaty (ATT), must also be considered. The EU and UN processes may affect parts of the KRUT inquiry and may entail new conditions for the proposals it presents.

### **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 as regards equipment for Sweden's defence has been replaced by a growing need for co-operation with like-minded states and neighbours. It is important that Sweden have equipment equivalent to that of the countries with which we cooperate and that this equipment is technically mature and functionally reliable.

It lies in Sweden's security interests that we should 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 by 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 nowadays 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. Only through the continued development in certain areas of an internationally competitive level of technology will Sweden remain an attractive international co-operation partner, which is in our national interests. In accordance with the principles for the Swedish Armed Forces' procurement of equipment set out by the Government in its bill "A functional defence" (Gov. Bill 2008/09:140), the maintenance and upgrading of existing equipment is to be chosen above new procurement if economically justifiable and if operational requirements can be met. 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 2011 budget bill (2010/11:1), participation in international co-operation should increase, that serves to identify common solutions for the maintenance and procurement of equipment available in the market. International competitive technology also offers better opportunities in connection with international co-operation for Sweden to exert influence on 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 acted 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 technical development collaboration, 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 co-operations.

### **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 purposes 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, Command Paper 2004/05:FöU5, Gov. Comm. 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 government exports is that these be approved by the ISP.

### **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 in a lifecycle perspective. One means by

which to achieve this is through the continued promotion of defence products and military technology for civilian applications. Skr. 2010/11:114

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 that exports are approved by the ISP. Export opportunities can also be considered and foregrounded in various international fora, such as within the framework of the EDA, the six-nation initiative and other international collaboration efforts where 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 considered necessary if companies are to be able 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 Matériel Administration (FMV), which 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 part of Sweden's 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.

## 4.2 Dual-use products

### **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.

DUPs 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 multi-lateral export control regimes, control lists have been developed to establish which products shall be subject to licensing. A basic reason for such controls being necessary is that some countries have developed weapons of mass destruction programmes despite having signed international agreements prohibiting such activities. The 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 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 granted one. Consequently, there was an obvious need for closer co-operation and information-sharing between producer countries. This need resulted in 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, listing indicates the product as sensitive. In the EU, the control lists adopted by the various regimes are incorporated into the Annex to Council Regulation (EC) No. 428/2009 and constitute a basis for decisions for granting or denial of export licences.

Exports of DUPs are regulated in the Council Regulation (EC) No. 428/2009. New to this regulation, compared with the earlier regulation (EC) No. 1334/2000, is that it also regulates brokering services and transshipments of DUPs. These changes form part of efforts to fulfil UN Security Council Resolution 1540 on measures to prevent the proliferation of nuclear, chemical and biological weapons and associated delivery systems.

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 in connection with the production etc. of weapons of mass destruction or for military purposes. This is known as a catch-all mechanism (see Chapter 17).

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 some 50 member companies, of which about 40 are SMEs (small and medium-sized companies). 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 a world-leading product supplier – even to countries with established industries of their own.

Among these companies, the Saab Group 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 manufacture 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 manufacture 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 sale of Combat Vehicle 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 but also successfully on the highly competitive international market.

## 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), 54 per cent consist of military goods and services and 46 per cent of civilian/commercial (*dual-use*) goods and services. Exports account for 53 per cent of total sales and 50 per cent of those exports go to military customers.

## 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.

International ownership has increased over the years. According to SOFF, this has been perceived favourably by the companies, since expertise and development remain 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, Karskoga, Stockholm and Linköping, which are organised within BAE Systems' Global Combat Systems business area. BAE Systems plc also owns 20 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 Aero, which is owned by American 3M. Among the approximately 40 SME companies, private Swedish owners dominate.

### **International operations, etc.**

A trend of internationalisation can be clearly noted in the sector's activities. At the same time as there is a relatively large foreign ownership in Sweden, Swedish companies are making investments abroad.

A well-balanced import and export of defence equipment is a means for the procurement of military equipment. Export of defence equipment contributes to maintaining the competence and capacity of the domestic companies to maintain, further develop and adapt the equipment of the Armed Forces.

## **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 general licence EU 001. The principal rule is that no licence is required for transfer to another EU member state. The general licence applies with some exceptions to all products in Annex I of the Council Regulation (EC) No. 428/2009 destined for export to Australia, Japan, Canada, New Zealand, Norway, Switzerland and the United States.

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 then conducts an assessment of whether a licence shall be required for the export (*catch-all*, see Chapter 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 within 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. Skr. 2010/11:114

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

### **Background**

In connection with the establishment of the 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 Swedish Defence Radio Centre (FRA) assist the ISP with specialist technical expertise and the Military intelligence and security service (Must), the Swedish Security Service (Säpo) and the Swedish Defence Radio Centre (FRA), inter alia, also assist the ISP with information. The ISP is tasked with managing targeted sanctions in accordance with the regulations on sanctions adopted by the European Communities following decisions by the Government as a result of such regulations or according to regulations determined by the Government supported by 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 operations of the ISP are not dealt with in more detail in this document.

In 2010, the Government also adopted amended instructions for the authority (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. Besides processing applications for licences, the ISP reviews the notifications that companies are required to submit at least four weeks before submitting tenders or signing contracts for 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 has carried out 29 inspection visits in 2010 at companies to monitor their internal export control organisation – somewhat fewer than in the preceding year. This activity takes place in close co-operation with the Board of Customs and, in certain cases, with the Police.

There is also close co-operation between the ISP and the companies that manufacture dual-use products (DUP). There are some differences between the Control of Exports of Dual-Use Products Act and the Exports of Military Equipment Act that affect the arrangements for contacts between the Agency and the companies concerned. It is, for example, not always easy for a company to decide whether it is affected by the law. This is because these products include a range of categories of products and are more difficult to classify than military equipment. 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. No licence is required to purchase or manufacture DUPs, or to sell them within Sweden or – usually – within the EU. The disclosure requirement introduced in connection with the initial application of the EU's general licence (EU 001) implies improved opportunities to follow up companies under the ISP's supervision.

Within the framework of its outreach activity, in 2010, the ISP conducted a general seminar on export controls, addressing primarily the area of DUPs, and a seminar in collaboration with other authorities on international sanction issues, focusing in particular on Iran. Over the year, the ISP also participated in the Swedish universities' security conference to increase awareness on non-proliferation issues.

## **Financing**

From 2009, new rules applied regarding the financing of the ISP. The rules were decided by the Riksdag in 2008 and 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). The rules broaden the group of companies required to pay fees and divides the fees between three fee classes 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. The group of companies liable for fees was extended, with the size of the fees now being more proportionately distributed between the companies affected by the operations of the ISP. 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
2010	1 177	853
2009	1 152	703
2008	1 132	491
2007	1 070	481
2006	1 024	305

For previous years, the above table includes international sanctions. Effective from 2008, the ISP reports these sanctions separately (see below). The number of export licence applications received regarding DUPs continued to increase in 2010 while the number of applications regarding ME products was stable. Of the applications received, 86 per cent were dealt with within two weeks and the corresponding figure for DUPs was 79 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, the EU adopted further sanctions against Iran (see section Sanctions). The number of cases received by the ISP is shown in the table below. Data for 2007 pertain only to the latter six months of that year. The number of export applications and advance rulings has continued to increase markedly, with that increase mainly being attributable to Iran.

Sanctions cases	Exports	Release of assets	Advance rulings
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 (Section 21 of Council Regulation [EC] 961/2010). As of November 2010, 228 cases have been received.

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

The Riksdag passed a bill (1984/85:82) in 1984 that proposed greater transparency and consultation in matters relating to exports of military equipment and the establishment of an Advisory Board on Exports of Military Equipment. The 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 members of the Council in 2010 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. 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.

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. By 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. Eight meetings of the Export Control Council were held in 2010. Skr. 2010/11:114

On 1 February 2007, the Government decided to appoint the following persons to the Export Control Council. These appointments apply until further notice, although until 31 December 2010 at the latest:

Jan Andersson (c), MP  
Annicka Engblom (m), MP  
Lars Johansson (s), MP  
Björn Leivik (m), MP  
Göran Lennmarker (m), MP  
Else-Marie Lindgren (kd), MP  
Peter Pedersen (v), MP  
Lennart Rohdin (fp), ex-MP  
Tone Tingsgård (s), MP  
Majléne Westerlund Panke (s), ex-MP  
Lars Ångström (mp), 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. This consists of representatives of several institutions with expertise in technological applications for both civilian and military uses. Four meetings were held in 2010. An up-to-date list of the seven current members of the Council can be found on the ISP's website.

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 considers that the agency should decide itself which technological and scientific expertise it needs.

## 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. Their customers are both in Sweden and abroad. The Swedish company is a subsidiary of the Westinghouse Electric Company, LLC of the United States. The principal owner is the Japanese Toshiba Corporation. Cooperation 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 has customers both in Sweden and abroad and, among other things, carries out analyses and tests of reactor fuel. 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. The build-out of nuclear power is also seen as part of efforts to counteract global warming. 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 whether or not 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 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.9/Part 1 issued by the International Atomic Energy Agency (IAEA) (see also Chapter 17).

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,
- nuclear materials in the country are adequately protected physically and
- 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. However, the Ministry for Foreign Affairs shall obtain the assurance for export and provide the assurance for import for the first transaction. Through changes in the Ordinance (2008:452) with instructions for the Swedish Radiation Safety Authority, the Government has made the SSM's assignment permanent.

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 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. All but one of 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 considers that 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 provides sufficient security in transfers of nuclear material and nuclear equipment between EU Member States and is in accordance with the NSG Guidelines. In the normal case, the Swedish Government therefore 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.

Skr. 2010/11:114

### **The Swedish Radiation Safety Authority**

The SSM 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 the 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 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 material deriving from nuclear activity in Sweden, the application is to include an assurance that the exporter will take 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.

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. However, Swedish industry has made enquiries regarding exports to India since nuclear trade with that country became possible after the NSG introduced an exception to its rules in 2008. However, the authority maintains a restrictive stance, requiring that exports only be made for civilian, peaceful purposes.

## **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 exports 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).

The following third countries have officially agreed with the criteria and principles of the EU's Common Position on arms exports: Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Iceland, Montenegro and Norway.

The first part of the EU's 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 undertakings.

With respect to the situation in the recipient country, account is to be taken of respect of human rights and international humanitarian law, whether there are tensions or armed conflicts in the country, the risk of the 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 – for example, 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 to terrorism, the nature of its alliances it has, 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 military list:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:069:0019:0051: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 states 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 2010, Sweden received 247 notifications of denials from other member states. Sweden issued four notifications of denials. These were for Israel, Russia, Serbia and Syria. 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's 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 control":

*<http://www.consilium.europa.eu/showPage.aspx?id=1484&lang=EN>.*

The User's Guide also contains more detailed guidelines for application of the criteria for export controls. The User's 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's 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 in global development policy (2007/08: UU7, 2008/09:UU14).

Global development policy gives all policy areas the assignment, 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 are negative for the efforts to contribute to equitable and sustainable global development. These important aspects

are to be included in the assessments made, not least through the application of the EU's Common Position, whose eighth criterion 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. These guidelines are now included in the User's Guide for application of the Common Position. 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 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 two years from the end of the first half of 2009 to implement the directive in their national legislation, which is, in turn, to be effective by 30 June 2012.

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 2010, meetings took place between the member states and the Commission regarding the more detailed prerequisites for certification and the design of the certificates themselves.

The ICT directive does not affect the rules governing exports outside the EU. However, it does stipulate that member states shall ensure that the recipient of defence-related products applying for an export licence shall, in cases where defence-related products obtained from another member state are 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. On 1 July 2009, an examiner was tasked with studying the constitutional amendments and other measures deemed necessary and suitable for Sweden to be able to meet its obligations according to the directive and the Common Position. In June 2010, the examiner submitted a memorandum on the implementation of the directive on the transfer of military equipment within the EU, etc. (Ds 2010:29). The memorandum has been submitted for comment during the year.

### **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 are published in an annual report. The annual reports show that the Common Position has led to significant changes in the member states' national rules and export policy.

Since the criteria in the Common Position extend over a number of different policy areas, it is aimed to achieve increased and clear

agreement between these areas. Sweden is making active efforts to achieve a common approach by the member states. Skr. 2010/11:114

The member states have also decided to systematise their outreach activities on export control policy to non-EU countries. This work continued in 2010. The purpose is to encourage other countries to develop export control systems on the lines of the 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.

In 2010, the EU continued its support of the UN process aimed at reaching an international *Arms Trade Treaty*. The United Nations Institute for Disarmament Research (UNIDIR) led the practical implementation of seminar activities (see Chapter 13 on the ATT).

In November 2010, the annual meeting was held between the EU's COARM delegates and European NGOs. The morning consisted of discussions on current issues including the EU member states' implementation of the Common Position and efforts towards an Arms Trade Treaty. The afternoon consisted of a *case-study* seminar. The objective was for NGOs to gain a deeper understanding of the export control process.

During the regular meetings of the COARM group, the previously established exchange of information continued and also included issues such as member states' implementation of the ICT directive.

### **Control of arms brokering**

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 undertake 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, 2010, 69 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 2010 will include exports of combat vehicle 90 to the Netherlands, tracked carriers S 10 to the United Kingdom, armoured tracked carriers 501 (BMP) to the Czech Republic, JAS 39 Gripen to South Africa, Robot system 70 to Finland and 12-cm grenade launchers to Lithuania. The information submitted to the UN Register is available at the UN's website ([www.un.org](http://www.un.org)).

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. Skr. 2010/11:114

## 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. There may often be 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.

For a list of the EU's arms embargoes and other sanctions, see website: [http://ec.europa.eu/external\\_relations/cfsp/sanctions/docs/measures\\_en.pdf](http://ec.europa.eu/external_relations/cfsp/sanctions/docs/measures_en.pdf).

SIPRI's website also contains information about embargoes, see Skr. 2010/11:114 <http://www.sipri.org/contents/armstrad/embargoes.html>.

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

In 2010 Sweden applied 17 arms embargoes against 16 countries. One embargo relates to Usama bin Laden, members of al-Qaida and the Taliban and is not associated with any particular country. Fifteen of these embargoes have been adopted within the EU, which, in 2010, implemented a new arms embargo against Eritrea as adopted by the UN. In 2010, the UN, and consequently also the EU, resolved to end the arms embargo against Sierra Leone in connection with the withdrawal of the entire regime of sanctions against that country. Often, more than one international organisation imposes an embargo on the same country.

The EU arms embargo against China was introduced as a result of the events in Tienanmen Square in 1989. Sweden permits no exports of 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 of which, 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 broadening of the sanctions against North Korea imposed by Security Council Resolution 1874 (2009) did not directly affect the arms embargo, although on their application by the EU, the stricter sanctions were extended regarding, among other things the prohibition of exports of dual-use products. These regulations are also included in Council Decision 2010/800/CFSP.

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). No changes to the arms embargo occurred in 2010, although the EU did, during the year, decide, among other things, to extend the list of dual-use products for which exports to Iran are prohibited.

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.



## 12 The international arms trade

The Stockholm International Peace Research 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 was stable in 2009 and 2010, at USD 24 040 million in 2009 and USD 24 987 million in 2010.

During the period 2006-2010, Sweden ranked tenth 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 2 per cent of total world exports. During the same period, the largest exporter, the United States, accounted for 30.3 per cent of global exports, followed by Russia (22.9 per cent), Germany (10.6 per cent), France (7.1 per cent), and the United Kingdom (4 per cent).

The leading importer of major conventional weapons during the period 2006-2010 was India, which accounted for 9.1 per cent, followed by China (6.3 per cent), South Korea (6 per cent), Pakistan (4.6 per cent) and Greece (4 per cent). Sweden was in 57th place during the period with 0.3 per cent of 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 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 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 shall be preceded by meetings of a preparatory committee, which met over two weeks in 2010 and which will meet over two weeks in 2011.

The process of establishing an ATT, in progress since 2005 when the United Kingdom first proposed a global arms trade treaty, has thus entered a qualitatively new and more substantive stage. An important factor has been the United States' vote in favour of the UN resolution and its declared willingness to engage in the ATT process. The proposal enjoys broad support among various groupings of countries in the UN, although 20 countries, including Egypt, India, China, Pakistan and

Russia abstained from the vote. However, the resolution now entails a clear mandate to negotiate an international arms trade treaty. Skr. 2010/11:114

In 2010, 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 the member states, with the participation of the new *European External Action Service*, to identify areas of concurrence where the EU member states are able to act in cooperation in the continued process of negotiation. 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 actively 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 which are 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 at at least 300 000 annually.

In 2001, the United Nations adopted a programme of action to combat the illegal trade with light weapons. 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 December 2005. An instrument (non-binding) for the labelling and tracking of small arms and light weapons was adopted through a resolution by the UN General Assembly in the autumn of 2005. In February 2008, the EU resolved to support the tracking instrument through the adoption of a joint action. In addition, Sweden has signed the UN's Firearms Protocol, which is linked to the UN Convention on Transnational Organised Crime. Sweden is preparing ratification. The plan is for the new provisions, which, in brief, entail firearms, weapons

components and ammunitions packages being labelled on manufacture, to enter force on 1 July 2011. In 2000, the OSCE adopted a document on light weapons relating to 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 adopted three decisions during 2004 intended to further reinforce work against illicit spread of small arms and light weapons, including portable anti-aircraft rockets (MANPADS). 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, 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.

### **Follow-up of the UN's programme of action**

The aims of the UN's work on small arms and light weapons include raising awareness of their destabilising effects in conflict regions. Non-proliferation is also important in combating criminality and, not least, crimes of terrorism. At the review conference in New York in 2006, the participating states were unable to agree on a final document and the proposal to expand the action programme could not therefore be adopted. The action programme from 2001 still forms the basis for the UN's efforts and the annual review meeting for the implementation of the action programme was held in New York in June 2010. 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.

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

As part of the continuous efforts to achieve increased transparency in the sphere of export controls, this Government Communication has been expanded with information about 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 2010 amounted to SEK 3.2 billion, of which the larger part 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 2010 amounted to approximately SEK 567 million.

## 15 International co-operation on military equipment

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

In July 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. With ten years having passed since the signing of the agreement, a report to the defence ministers was prepared in 2010 detailing the experiences amassed from the work carried out and proposals for continued efforts. In 2010, under French chairmanship, the working group for export control issues mainly continued to prepare issues concerning the implementation of the ICT directive. The working group has also been assigned by the executive committee to initiate a dialogue with American export control authorities.

### **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.

### **Bilateral co-operation**

In the area of export control there are pre-existing agreements with the United States, South Africa and Australia, as well as a special agreement with the United Kingdom regarding MANPADS. The ISP is responsible for the operational co-operation.

## 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. These include 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 Enterprises.

The Government welcomes initiatives taken by manufacturers of military equipment, initially on a European basis through the European sector organisation, Aero Space and Defense Industries Association in Europe, and then jointly with its American counterpart to develop and apply an international code of behaviour, including zero tolerance of corruption (Global Principles of Business Ethics for the Aerospace and Defence Industry).

It is also important that civil society organisations, 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.

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 40 countries have, on their own initiative, joined five multilateral export control regimes: The Zangger Committee (ZA), 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.

Unlike the international conventions mentioned earlier in this chapter, the export control regimes are not binding under international law. Instead, co-operation is based on a common political desire to prevent the proliferation of weapons of mass destruction by national legislation enabling export controls for products and technologies identified as

strategic. At the same time, participation in these regimes makes it easier to meet the international legal obligation laid under the above-mentioned international conventions to refrain from assisting other states, directly or indirectly, in acquiring weapons of mass destruction.

Skr. 2010/11:114

### **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 undercutting 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 EU was a driving force in this process.

### **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 or prepared for reprocessing, use or production of special fissionable material. The NPT lays down that such equipment, as well as source and special fissionable material, may only be exported to a non-nuclear state, if the fissionable material is subject to IAEA safeguards. The equipment and material are specified in the Committee's control list, which is continuously updated in the light of technological developments. The list can be found in the IAEA's information circular No. 209 (INFCIRC/209/Rev.2). 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 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.9/Part 1 and INFCIRC/254/Rev.7/Part 2).

In 2010, the NSG began a review of its list. In the meantime, efforts continued during the year to strengthen the regime's guidelines regarding export controls for particularly sensitive equipment. The regime's plenary meeting in Christchurch, New Zealand on 21-25 June addressed issues including nuclear co-operation with India and the undertakings 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 and that have a bearing on the work of the NSG. The European Commission is a permanent observer of the regime. In 2010, the NSG was chaired by New Zealand. Information about NSG is available 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 states' 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 core of the AG's work in 2010 included 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. The process to review and update the regime's control lists continued. Russia's interest in being included as a member



of the Australia Group encountered continued resistance with certain member states expressing the opinion that the country must display complete transparency regarding earlier CBW programmes. In March, a visit was paid to Moscow. The Chairman of the AG had the direct support of Sweden for the planning, implementation and follow-up work for this outreach activity.

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 such systems and other products that can be used to produce such missiles.

During 2010, 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 targeted on a number of countries. At present, there are a large number of identified non-member states which have been proposed for outreach activities. Several EU countries are still not members of the MTCR regime. Their membership continued to be blocked in 2010 for political reasons. In 2010, MTCR was chaired by Brazil.

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.

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 broader product focus of the Wassenaar Arrangement is reflected by the two control lists attached to the regime's basic document: The *Munitions List*, which covers conventional military equipment, and the *List of Dual-Use Goods and Technologies*, which covers technologies with civilian and military uses that are not included in the control lists of the other control regimes. 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 2010 meeting being held in December and chaired by Switzerland). These plenary meetings address matters of principle for the continued development of the co-operation. On the basis of ongoing technical work over the year, formal decisions are also made regarding updates of the control lists to take into account technical developments in conventional weapons and weapons of mass destruction. The plenary meeting in December 2010 also established the formats for the review of the entire Arrangement that is to take place during 2011. Such a review is carried out every fourth year in accordance with the Arrangement's basic document. 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 on the member states of the United Nations, seeks to prevent state and non-state actors 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, transshipments and re-exports. The resolution also contains provisions on assistance to other countries in implementing the provisions of this resolution.

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 states of the United Nations were urged to report to the Committee on the steps that they had taken to implement the resolution. The mandate of the 1540 Committee has been extended twice, most recently until 2011.

An international activity which has a number of points of contact with, and also partly overlaps 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 cooperative capacity.

### **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 by various economic and political measures. The intention 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 at the same time as the sanctions send a clear signal to those they are intended to influence.

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

### **UN and EU sanctions**

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 states are obliged according to 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 competent 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, the SSM, the Swedish Financial Supervisory Authority and the 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 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 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 background 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 increases 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, the SSM, the 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. Sanctions

- prohibit the export and import of dual-use products according to the EU's list of such products, with the exception of Chapter 5 of that list and certain products manufactured specifically for Iran,
- prohibit development assistance and investments related to equivalent dual-use products,
- require licences for exports of certain other dual-use products, and
- require licences for aid and investment associated with these other dual-use products.

The sanctions regime also includes freezing of financial assets for individuals and units associated with Iran's programme for weapons of mass destruction, including a prohibition of making assets available for these. 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 on website [www.regeringen.se/sb/d/9230](http://www.regeringen.se/sb/d/9230). 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 the 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 2010 but 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 response to Resolution 1540 of the UN Security Council, a peer review was also conducted of national export control systems in 2004. The Council affirmed that the review confirmed the need to streamline and strengthen European export controls and in January 2006, the Commission presented proposed changes to Council Regulation 1334/2000.

Since then, the Commission's proposals have been processed by the Council Working Group, the WPDU. This work was concluded in 2009 and the Council was able to adopt the amended regulation (EC) 428/2009, which came into effect on 27 August 2009. The key changes are that brokering and transshipments are now also regulated.

Against this background, through SFS 2010:1017, the Swedish Government made certain amendments to the Act Concerning Control of

Dual-Use Products and of Technical Assistance (2000:1064) which entered into force on 1 August 2010. Skr. 2010/11:114

In addition, activities in 2010 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 2010, extensive attention was given to the Commission's proposal regarding broadened general export licences at the EU level (CGEA). Work also continued on a database of member states' notifications of export licence application denials in accordance with Council Regulation (EC) No. 428/2009 and this is expected to be launched in 2011.

### **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 in the different regimes has in line with this become increasingly common in recent years. In recent years, EU initiatives have, among other things, led to members in the respective regime being able to agree to maintain export control also for products outside the control lists (catch-all), if these can be assumed to be used in connection with weapons of mass destruction. The EU has also sought to strengthen the exchange of information between the member states in the regimes.

The EU has for long time taken the view that all EU member states should be invited to join all regimes. The Swedish presidency of the EU in 2009 worked actively in favour of this. 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 the Australia Group, all EU countries are now members of their regimes. The equivalent decision has not yet been made in the MTCR with regard to Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, Slovenia and Romania. With regard to the Wassenaar Arrangement, the same applies to Cyprus.

### **The Nordic-Baltic co-operation**

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.

Skr. 2010/11:114

## 21 Outreach regarding 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.

For several years, the EU's member states have engaged in information activities and sent deputations to non-EU countries to discuss 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, focus has been on informing about Council Regulation (EC) No. 1334/2000 (later 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 2010, the ISP continued to participate in the EU projects aimed at exchanging experiences within the field of export control of dual-use products. The projects are led by BAFA Germany's equivalent to the 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.



# Annex 1 Swedish exports of military equipment in 2010

## 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 147, 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 of the contents 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 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, or that exports have been made, of all products in 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 the 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 the 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 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.

Examples include the leasing of radar reconnaissance aircraft to Greece at the beginning of the new century in connection with that country's procurement of the system. Other examples are the leases made to the United Kingdom, Canada and Italy of artillery localisation radar.

In 2005, the Defence Materiel Administration delivered 14 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. The agreement is valued at about SEK 5.7 billion.

In 2007, the Defence Materiel Administration made final delivery of six, out of a total 14, JAS 39 Gripen to Hungary (whose lease develops into a purchase in 2016). In addition, a licence was granted to Saab Microwave System to lease two GIRAFFE AMB reconnaissance radar units to the United Kingdom for the period extending until 2010. In 2008, the same company was granted a further licence to lease additional GIRAFFE AMB radar equipment to the United Kingdom. The validity of this lease also extends until the end of 2010. During 2010, 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.**

Five licences were granted in 2010 for the transfer of manufacturing rights to other countries. Licences were granted to Japan, the Republic of Korea, Switzerland, South Africa and Thailand.

Furthermore, 23 co-operation agreements were examined and authorised for joint development or production in 2010 (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. is 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 2010, seven companies reported ownership in 67 legal entities in 34 countries. A total of 159 licenses and co-operation agreements in 25 countries were reported by 17 companies.

## Military training

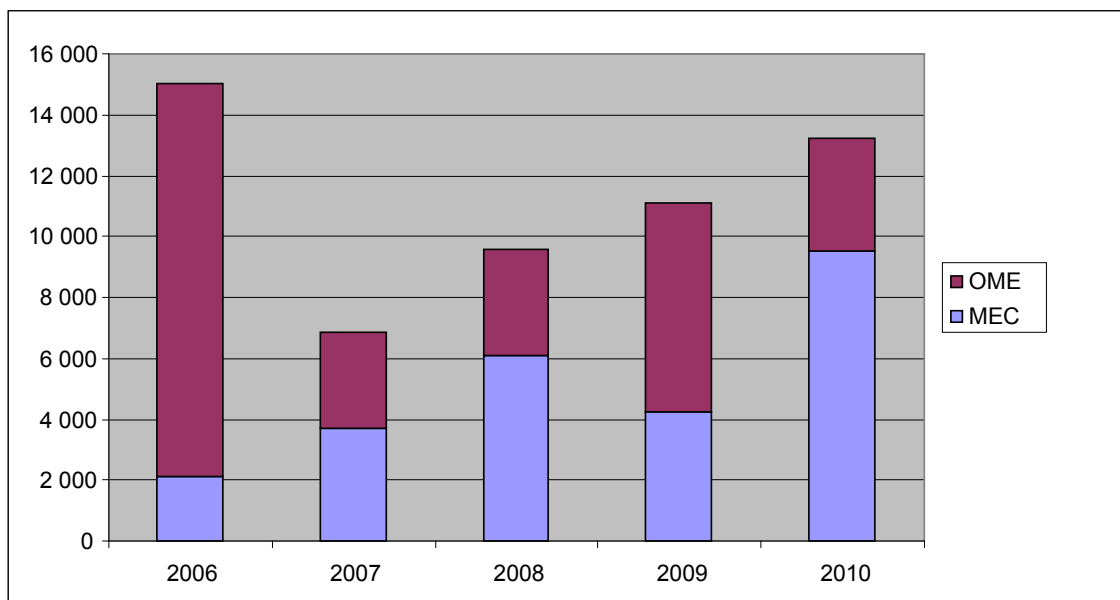
According to the Swedish Military Equipment Act, military training of foreign nationals may not be conducted in or outside Sweden without permission from the ISP. This prohibition does not apply to training associated with sales of military equipment for which export licences have been granted.

No permits for military training were issued in 2010.

**Table 1. Value of export licences granted, broken down into military equipment for combat purposes (MEC) and other military equipment (OME), 2006-2010 (SEK m)**

Year	Amounts in SEK m			Change in %		
	Total	MEC	OME	Total	MEC	OME
2006	15 034	2 132	12 902	-0.7	-79	+162
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

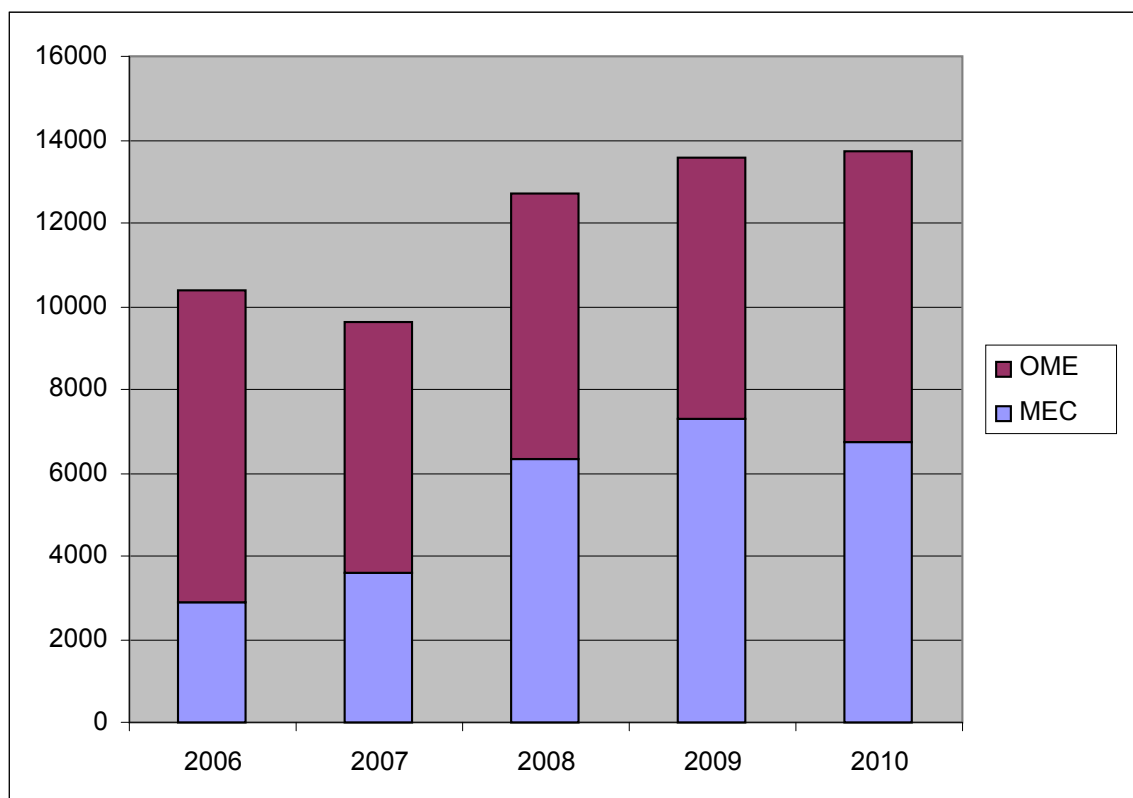
**Table 2. Value of export licences granted, broken down into military equipment for combat purposes (MEC) and other military equipment (OME), 2006-2010 (SEK m)**



**Table 3. Actual exports of military equipment in 2006-2010 compared with total exports of goods**

Year	Sweden's total exports of goods (current prices) SEK m	Exports of military equipment						
		Share of total exports %	Ongoing Prices, SEK m			Change in %		
			Total	MEC	OME	Total	MEC	ÖME
2006	1 087 000	0,95	10372	2877	7495	+20	-18	+47
2007	1 141 400	0,84	9 604	3609	5995	-7	+25	-20
2008	1 195 300	1,06	12698	6326	6372	+32	+75	+6
2009	998 100	1,36	13561	7288	6273	+7	+14	-1
2010	1 138 900	1,21	13745	6747	6998	+1	-16	+12

**Table 4. Actual exports of military equipment in 2006-2010 (SEK m)**



**Table 5. Export licences and actual exports in 2010 by recipient country and product category (SEK m)**

Amounts in SEK m

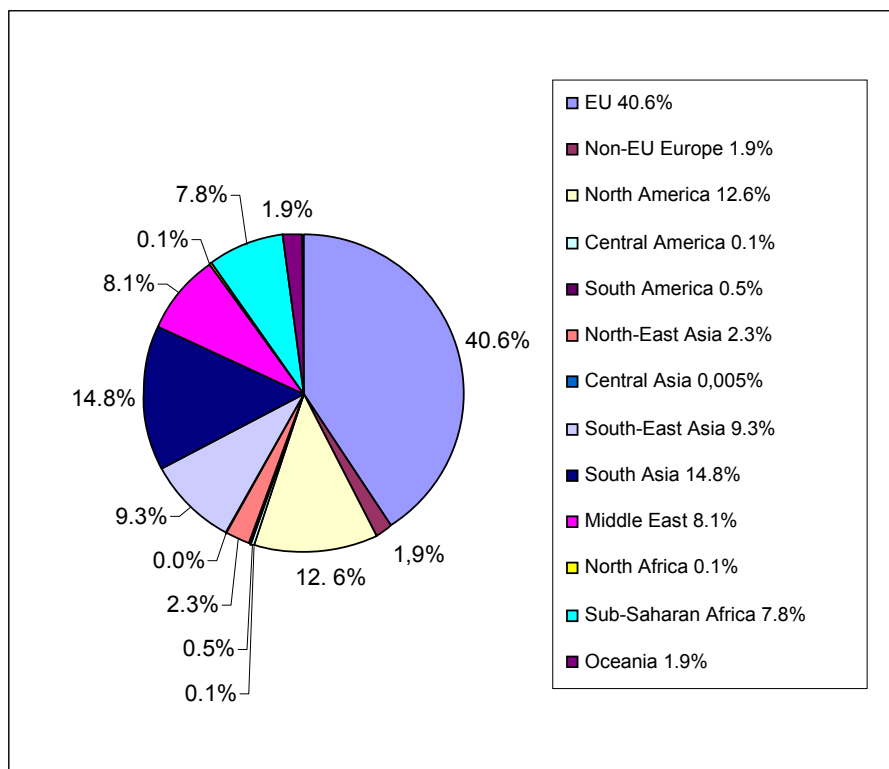
Region / country	Export licences granted			Actual exports	
	Number of licences granted	Principal category of licensed equipment (EU' military list)*	Value of licences in SEK m	Principal category of exported equipment (EU military list)	Value of exports in SEK m
<b>EU</b>	<b>368</b>		<b>3 056</b>		<b>5 582</b>
Belgium	11	1, 2, 3, 5, 8	20	1, 2, 3, 5, 8	6
Bulgaria	1	3	1	3	0.6
Denmark	27	1, 2, 3, 5, 6, 8, 10	184	1, 2, 3, 5, 6, 10, 14, 18, 21	491
Estonia	8	1, 2, 3, 5, 8	6	2, 3, 5	253
Finland	45	2, 3, 4, 5, 6, 7, 8, 10, 14, 21	667	2, 3, 4, 5, 6, 7, 8, 10, 14, 15	433
France	25	1, 3, 5, 6, 8, 11, 13, 18	859	1, 3, 5, 6, 8, 10, 15, 18	224
Greece	5	1, 2, 5, 8	2	1, 2, 3, 5, 8	2
Ireland	5	2, 3, 14	24	2, 3, 10, 14	25
Italy	22	1, 3, 5, 8	107	1, 3, 4, 5, 8, 10, 15	130
Latvia	2	1, 3	1	1, 2, 3	9
Lithuania	1	3, 8	2	2, 3, 6	2
Luxembourg	5	2, 3, 6, 14	149	2, 3, 6, 14	12
Netherlands	21	1, 3, 5, 6, 8, 10, 13, 14, 18	184	1, 3, 5, 6, 8, 10, 13, 18	2 107
Poland	8	3, 8	28	3, 4, 5, 8, 14	34
Portugal	3	2, 3, 10	2	3, 10	0.7
Romania	1	3	1	3	0.3
Slovakia	4	2, 3, 8	3	2, 3	4
Slovenia	7	3, 5	1	1, 3, 5	0.7
Spain	9	1, 3, 5, 6, 8, 13	29	1, 3, 4, 5, 6, 8, 13,	43
United Kingdom	52	1, 2, 3, 5, 6, 8, 14, 15, 18, 21	607	1, 2, 3, 4, 5, 6, 8, 10, 11, 14, 18	1 427
Czech Republic	10	2, 3, 5, 6, 8, 14	34	2, 3, 5, 6, 8, 10, 14	36
Germany	78	2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 15, 18, 21	130	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 18, 21	265
Hungary	4	2, 3, 5, 8	2	3, 5, 8	2
Austria	14	1, 3, 8, 10	13	2, 3, 4, 7, 8, 10	75

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

<b>Europe, other</b>	<b>104</b>		<b>170</b>		<b>258</b>
Andorra	-	-	-	3	0.1
Azerbaijan	1	8	0.1		-
Iceland	1	3, 8	1	3	0.3
Croatia	1	3	1	3, 6	2
Norway	63	1, 2, 3, 4, 5, 6, 8, 10, 13, 14, 21	150	1, 2, 3, 4, 5, 6, 8, 9, 10, 13, 14	215
Russia	3	3	7	3	16
Switzerland	29	1, 2, 3, 5, 6 8	9	1, 3, 4, 5, 6, 13, 21	23
Turkey	4	6	0.2	6	0.2
Ukraine	2	1, 3	2	1, 3	1
<b>North America</b>	<b>84</b>		<b>1 099</b>		<b>1 733</b>
Canada	20	3, 5, 8, 18	225	2, 3, 5, 8, 14, 18, 21	469
United States	64	1, 2, 3, 4, 5, 8, 10, 14, 18	874	1, 2, 3, 5, 8, 10, 14, 21	1 264
<b>Central America and the Caribbean</b>	<b>1</b>		<b>0.3</b>		<b>9</b>
Mexico	-	-	-	2, 5	9
Trinidad and Tobago	1	1	0.3	1	0.3
<b>South America</b>	<b>12</b>		<b>10</b>		<b>63</b>
Argentina	1	3	0.4	2, 3, 14	2
Brazil	8	1, 2, 6, 8, 14	8	1, 2, 5, 6, 8, 14	36
Chile	2	3, 5	1	2, 3, 5, 14	24
Ecuador	1	18, 21	1	18, 21	1
<b>North-East Asia</b>	<b>26</b>		<b>88</b>		<b>323</b>
Japan	19	2, 3, 8, 18	80	2, 3, 4, 8	30
Republic of Korea	7	2, 10, 18, 21	8	5, 10, 18, 21	293
<b>Central Asia</b>					<b>1</b>
Kazakhstan	-	-	-	3	1
<b>South-East Asia</b>	<b>28</b>		<b>6 973</b>		<b>1 272</b>
Brunei	-	-	-	2, 3	157
Malaysia	3	1, 2	6	1, 2, 5	6
Singapore	11	1, 2, 4, 5, 6, 8, 9	3 113	1, 2, 3, 4, 5, 8, 9	611
Thailand	14	2, 4, 5, 10, 11, 21	3 854	2, 5, 10, 11, 14, 21	498
<b>South Asia</b>	<b>13</b>		<b>272</b>		<b>2 036</b>
India	8	2, 5, 11, 17	80	2, 5, 8	696
Pakistan	5	4, 5	192	4, 5, 10	1 340
<b>Middle East</b>	<b>34</b>		<b>789</b>		<b>1 112</b>
Bahrain	3	2, 14	15	2, 5, 14, 15, 21	31
Egypt	-	-	-	3	0.2
United Arab Emirates	6	5, 21	171	5, 10	804
Jordan	2	1, 17	0.2	1, 5	0.2
Kuwait	1	5	0.007	5	0.1

Oman	11	5, 14, 15, 18, 21	65	1, 5, 14	30
Qatar	1	5	0.05		-
Saudi Arabia	10	1, 4, 5, 11, 14, 18	538	1, 4, 5, 11, 14, 18	246
<b>North Africa</b>	<b>4</b>		<b>719</b>		<b>17</b>
Algeria	1	17, 18, 21, 22	670	11	16
Tunisia	3	2, 5, 14	49	2	0.8
<b>Sub-Saharan Africa</b>	<b>2</b>		<b>10</b>		<b>1 079</b>
Namibia	-	-	-	3	0.3
South Africa	2	8, 10	10	1, 5, 8, 10, 11, 21	1 079
Tanzania	-			3	0.1
<b>Oceania</b>	<b>10</b>		<b>41</b>		<b>260</b>
Australia	6	3, 4, 5, 11	40	2, 3, 4, 5, 9, 11, 15, 18, 21	255
New Zealand	4	1, 3	1	2, 3	5
<b>TOTAL</b>	<b>686</b>		<b>13 228</b>		<b>13 745</b>

**Table 6. Exports of military equipment, broken down by regions as a percentage of their value, 2010**





**Table 7. Exports of military equipment, broken down by country and divided between MEC and OME, 2008-2010 (SEK m)**

Amounts in SEK m

Region / country	2008			2009			2010		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
<b>EU</b>	<b>3 596.2</b>	<b>3 494.8</b>	<b>7 091</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>
Belgium	14.3	4	18.3	10	3	13	3	3	6
Bulgaria	0.3	0.9	1.2	-	0.5	0.5	-	0.6	0.6
Denmark	1 360.2	406.8	1 767	325	257	582	106	385	491
Estonia	26.5	2.4	28.9	19	5	24	5	248	253
Finland	135.6	270.6	406.2	771	183	954	280	153	433
France	13.3	533.1	546.4	183	275	458	15	209	224
Greece	2	1 069	1 071	1	424	425	0.1	2	2
Ireland	-	4.9	4.9	-	11	11	15	10	25
Italy	1.1	211.5	212.6	9	136	145	21	109	130
Latvia	6.4	26	32.4	15	26	41	9	0.3	9
Lithuania	13.7	26.6	40.3	6	10	16	0.3	2	2
Luxembourg	-	-	-	-	0.008	0.008	8	4	12
Netherlands	1 753.5	63.9	1 817.4	2271	208	2479	1917	190	2107
New Caledonia	-	0.2	0.2	-	0.4	0.4	-	-	-
Poland	27.3	5.7	33	4	5	9	13	21	34
Portugal	-	1	1	0.003	1	1	-	0.7	0.7
Romania	0.2	0.6	0.8	-	0.5	0.5	-	0.3	0.3
Slovakia	4.6	0.9	5.5	1	1	2	3	1	4
Slovenia	0.9	3.4	4.3	5	1	6	0.01	0.7	0.7
Spain	61	20.2	81.2	226	37	263	2	41	43
United Kingdom	163.2	259.3	422.5	213	719	932	1004	423	1427
Czech Republic	5.9	3.9	9.8	23	13	36	34	2	36
Germany	4.8	567.6	572.4	26	438	464	13	252	265
Hungary	0.8	2.6	3.4	0.2	3	3	0.4	2	2
Austria	0.6	9.7	10.3	1	51	52	63	12	75
<b>Europe, other</b>	<b>249.6</b>	<b>147.5</b>	<b>397.1</b>	<b>137</b>	<b>121</b>	<b>258</b>	<b>123</b>	<b>135</b>	<b>258</b>
Andorra	-	-	-	-	-	-	-	0.1	0.1
Iceland	0.01	0.3	0.3	0.02	0.3	0.3	0.02	0.3	0.3
Croatia	0.006	8	8	-	2	2	0.06	2	2
Norway	245.1	71.1	316.2	135	59	194	123	92	215
Russia	-	13.1	13.1	-	9	9	-	16	16
Switzerland	2	53	55	2	49	51	0.02	23	23
Turkey	2.5	1	3.5	-	1	1	-	0.2	0.2
Ukraine	-	1	1	-	1	1	-	1	1

<b>North America</b>	<b>540.5</b>	<b>386.1</b>	<b>926.6</b>	<b>476</b>	<b>430</b>	<b>906</b>	<b>1 033</b>	<b>700</b>	<b>1733</b>
United States	<b>526.2</b>	294.4	820.6	404	234	268	872	392	1 264
Canada	14.3	91.7	106	72	196	638	161	308	469
<b>Central America and the Caribbean</b>	<b>-</b>	<b>13.1</b>	<b>13.1</b>	<b>30</b>	<b>5</b>	<b>35</b>	<b>7</b>	<b>2</b>	<b>9</b>
Mexico	-	12.9	12.9	30	5	35	7	2	9
Trinidad and Tobago	-	0.2	0.2	-	-	-	-	0.3	0.3
<b>South America</b>	<b>24.3</b>	<b>23.7</b>	<b>48</b>	<b>11</b>	<b>17</b>	<b>28</b>	<b>30</b>	<b>33</b>	<b>63</b>
Argentina	-	-	-	-	-	-	1	1	2
Brazil	1	13.4	14.4	11	16	27	7	29	36
Chile	23.3	10.3	33.6	-	1	1	22	2	24
Ecuador	-	-	-	-	-	-	-	1	1
<b>North-East Asia</b>	<b>13.6</b>	<b>114</b>	<b>127.6</b>	<b>350</b>	<b>11</b>	<b>361</b>	<b>254</b>	<b>69</b>	<b>323</b>
Hong Kong, China	-	0.08	0.08	-	-	-	-	-	-
Japan	13	6	19	10	4	14	16	14	30
Republic of Korea	0.6	107.9	108.5	340	7	347	238	55	293
<b>Central Asia</b>	<b>-</b>	<b>0.5</b>	<b>0.5</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>
Kazakhstan	-	0.5	0.5	-	1	1	-	1	1
<b>South-East Asia</b>	<b>9.7</b>	<b>619.5</b>	<b>629.2</b>	<b>35</b>	<b>605</b>	<b>640</b>	<b>416</b>	<b>856</b>	<b>1 272</b>
Brunei	-	0.03	0.03	-	-	-	156	1	157
Indonesia	-	2.6	2.6	-	-	-	-	-	-
Malaysia	-	12.2	12.2	-	129	129	-	6	6
Singapore	9.7	592.1	601.8	4	426	430	260	351	611
Thailand	-	12.6	12.6	31	50	81	-	498	498
<b>South Asia</b>	<b>-</b>	<b>1 352.6</b>	<b>1 352.6</b>	<b>334</b>	<b>1 979</b>	<b>2 313</b>	<b>27</b>	<b>2 009</b>	<b>2 036</b>
India	-	506.2	506.2	-	901	901	0.2	696	696
Pakistan	-	846.4	846.4	334	1 078	1 412	27	1 313	1 340
<b>Middle East</b>	<b>1.7</b>	<b>88.9</b>	<b>90.6</b>	<b>0.03</b>	<b>120</b>	<b>120</b>	<b>208</b>	<b>904</b>	<b>1 112</b>
Bahrain	0.8	11.5	12.3	-	2	2	23	8	31
Egypt	-	-	-	-	8	8	-	0.2	0.2
United Arab Emirates	-	47.8	47.8	-	61	61	-	804	804
Jordan	-	0.5	0.5	0.03	0.1	0.1	-	0.2	0.2
Kuwait	-	2.2	2.2	-	-	-	-	0.1	0.1
Oman	-	0.8	0.8	-	5	5	-	30	30
Saudi Arabia	0.9	26.1	27	-	44	44	185	61	246

<b>North Africa</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>-</b>	<b>17</b>	<b>17</b>
Algeria	-	-	-	-	4	4	-	16	16
Tunisia	1	-	1	2	0.09	2	-	0.8	0.8
<b>Sub-Saharan Africa</b>	<b>1 865</b>	<b>37.7</b>	<b>1 902</b>	<b>1 726</b>	<b>30</b>	<b>1 756</b>	<b>1 066</b>	<b>13</b>	<b>1 079</b>
Mauritius	-	-	-	-	0.05	0.05	-	-	-
Namibia	-	0.6	0.6	-	1	1	-	0.3	0.3
South Africa	1 865	36	1 901	1 726	29	1 755	1 066	13	1 079
Tanzania	-	1.1	1.1	-	-	-	-	0.1	0.1
<b>Oceania</b>	<b>24.5</b>	<b>93.4</b>	<b>117.9</b>	<b>78</b>	<b>142</b>	<b>220</b>	<b>74</b>	<b>186</b>	<b>260</b>
Australia	20.8	93.2	114	78	141	219	71	184	255
New Zealand	3.7	0.2	3.9	-	0.5	0.5	3	2	5
<b>TOTAL</b>	<b>6 326</b>	<b>6 372</b>	<b>12 698</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>

**Table 8. Follow-on deliveries, 2010**

<b>Country</b>	<b>Number of licences</b>	<b>Of which, licences for follow-on deliveries</b>	<b>Of which, new licences</b>	<b>Equipment</b>
Algeria	1		1	Camouflage materials
Argentina	1	1		
Azerbaijan	1		1	Explosives for oil production
Bahrain	3	2	1	Anti-tank systems
Brazil	8	8		
Chile	2	1	1	Protective clothing
Ecuador	1		1	Marine test equipment
United Arab Emirates	6	6		
India	8	8		
Jordan	2	2		
Croatia	1	1		
Kuwait	1	1		
Malaysia	3	3		
Oman	11	11		
Pakistan	5	5		
Qatar	1		1	Sights and sight-mounts
Russia	3	3		
Saudi Arabia	10	9	1	Anti-tank systems
Singapore	11	10	1	Components for armoured vehicles
South Africa	2	2		
Thailand	14	14		
Trinidad and Tobago	1	1		
Tunisia	3	2	1	Anti-tank systems
Ukraine	2	2		

**Table 9. Licences for manufacturing rights issued to foreign companies in 2010**

<b>Country</b>	<b>Company</b>	<b>General scope</b>
Japan	Saab Dynamics AB	Ammunition
Republic of Korea	Kockums AB	Carbon fibre composites
Switzerland	Saab AB, Security and Defence Solutions	Firing control equipment
South Africa	Saab AB, Electronic Defence Systems	Microwave production
Thailand	Gripen International AB	Data link technology

**Table 10. Partnership agreements with foreign companies approved in 2010**

<b>Country</b>	<b>Company</b>	<b>General scope</b>
People's Republic of China	Swedish Defence Research Agency	Demonstration detection of biological and chemical weapons
France	BAE Systems Hägglunds AB	Integration of command and control systems
France	BAE Systems Hägglunds AB	Final production of tracked vehicles
France	Applied Composites AB	Composite components
France/ United Kingdom/ Germany	BAE Systems Bofors AB	Development co-operation, artillery ammunition
India	Swedish Defence Research Agency	Foliage penetrating radar for helicopters
Canada	Swedish Defence Research Agency	Information exchange, naval areas
Netherlands	Swedish Defence Research Agency	Information exchange, naval areas
Norway	Swedish Defence Materiel Administration	Forward Air Controllers, FAC
Norway	Swedish Defence Materiel Administration	Ammunition
Republic of Korea	Applied Composites AB	Composite components
Republic of Korea	Swedish Defence Research Agency	Simulator programmes
Singapore	Swedish Defence Research Agency	Firing tests
Singapore	Swedish Defence Research Agency	Testing of projectile materials

Singapore	Swedish Defence Research Agency	Radio-chemical laboratory
Singapore	Swedish Defence Research Agency	Enhanced Blast Explosives (EBX)
United Kingdom	BAE Systems Hägglunds AB	Combat vehicles
United Kingdom	Swedish Defence Research Agency	Sensors
United Kingdom	Saab AB, Aerosystems	Training at Empire Test Pilots' School (ETPS)
United Kingdom	Saab AB, Aerosystems	Supplement to agreement: participant list, ETPS
United Kingdom	Saab AB, Aerosystems	Radar
United Kingdom	Saab AB, Aerosystems	Participant list, ETPS
Thailand	Swedish Defence and Security Export Agency	Gripen air defence system

**Table 11. Value of actual exports during 2009-2010 by product category (SEK m)**

Military equipment for combat purposes (MEC)		2009	2010	Other military equipment (OME)		2009	2010
Swedish military list	EU military list			Swedish military list	EU military list		
MEC1	1	-	-	OME21	1	35	13
MEC2	2	941	1 122	OME22	2	1 002	756
MEC3	3	516	1 043	OME23	3	680	560
MEC4	4	333	489	OME24	4	365	329
MEC5	5	1 010	870	OME25	5	1 109	1 262
MEC6	7	1	2	OME26	13	89	11
MEC7	8	203	195	OME27	8	-	-
MEC8	9	-	-	OME28	9	232	219
MEC9	10	1 723	1 066	OME29	10	1 179	2 335
MEC10	6	2 561	1 961	OME30	6, 17	914	857
MEC11	19	-	-	OME31	19	-	-
				OME32	13	-	-
				OME33	15	144	199
				OME34	15	-	5
				OME35	14	387	225
				OME36	18, 22	81	96
				OME37	21	56	130
<b>Total MEC</b>		<b>7 288</b>	<b>6 748</b>	<b>Total OME</b>		<b>6 273</b>	<b>6 997</b>

**Table 12. Swedish exports of small arms and light weapons in 2010 (as defined in the UN Register of Conventional Arms<sup>1</sup>)**

<b>Category in accordance with the UN Register of Conventional Arms</b>	
<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 has been exported to Australia, Finland, Italy, Japan, Canada, Norway, the United Kingdom, Germany, and the United States.
<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, Denmark
3. Portable anti-tank grenade launchers	No exports
4. Non-recoiling weapons (rifle systems)	Recoilless grenade systems have been exported to Australia, Chile, Slovakia and the United States. In addition, spare parts, components and ammunition for recoilless grenade systems have been exported to Australia, Brazil, Chile, Denmark, Estonia, Greece, India, Ireland, Japan, Canada, the Netherlands, Norway, New Zealand, Portugal, Singapore, Slovakia, the Czech Republic, the United States and Austria.

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

5. Portable anti-tank weapons	Anti-tank weapons have been exported to Argentina, Bahrain, Brazil, Denmark, Latvia, Saudi Arabia, the United Kingdom and the United States. In addition, spare parts and components have been exported to Argentina, Bahrain, Ireland, Luxembourg, 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. Decisions on approved re-export of Swedish military equipment**

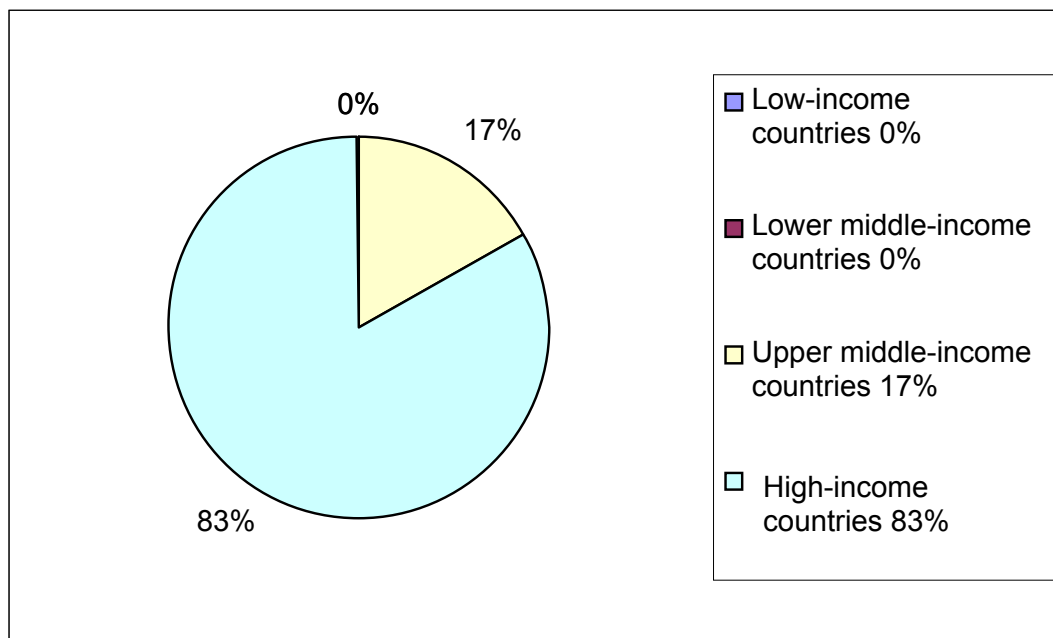
During 2010, the ISP has received the following applications for re-export of Swedish military equipment, which have all been approved.

<b>Application from</b>	<b>Application from</b>	<b>Destination</b>
Norway	Missiles (MEC4)	Manufacturer in Sweden
Norway	Tracked carriers (OME30)	Central government agency in Finland
Norway	Tracked carriers (OME30)	Central government agency in the United States
Latvia	Tracked carrier (OME30) and camouflage materials (OME25)	Central government agencies in other countries
Norway	Torpedoes (MEC4)	Manufacturer in Sweden

**Table 14. Swedish export in 2010 of MANPADS (Man-Portable Air Defence Systems) as defined in the UN Register of Conventional Arms**

MANPADS fire units, missiles, spare parts, etc. for a total value of SEK 566 936 000 were exported to Australia, Finland, Ireland, Pakistan, Singapore and Tunisia.

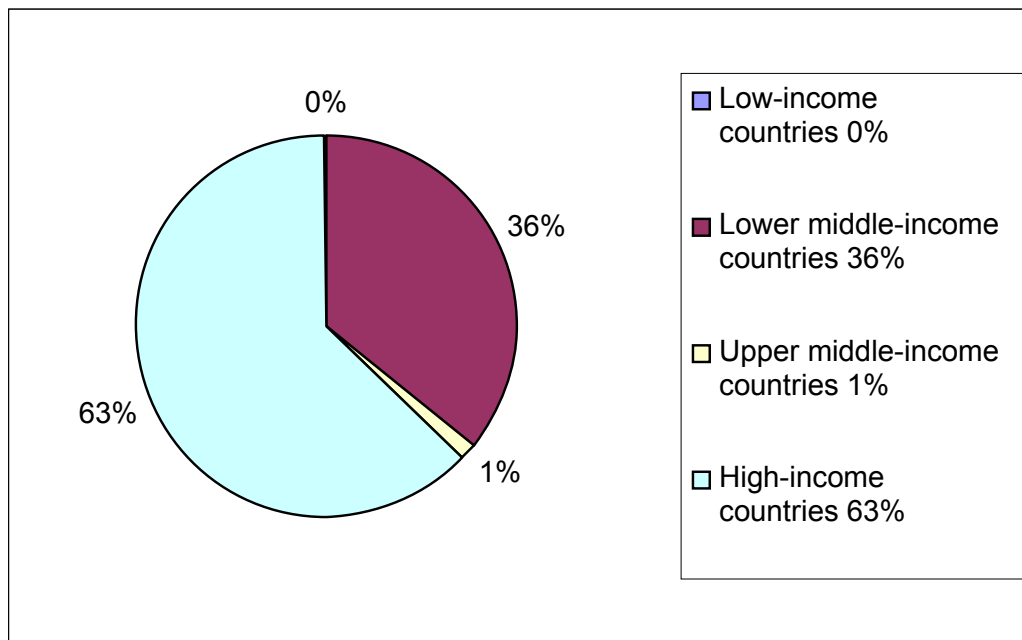
**Table 15. Export of military equipment in 2010 broken down by country according to income**  
**Export of military equipment for combat purposes (MEC)<sup>2</sup>**



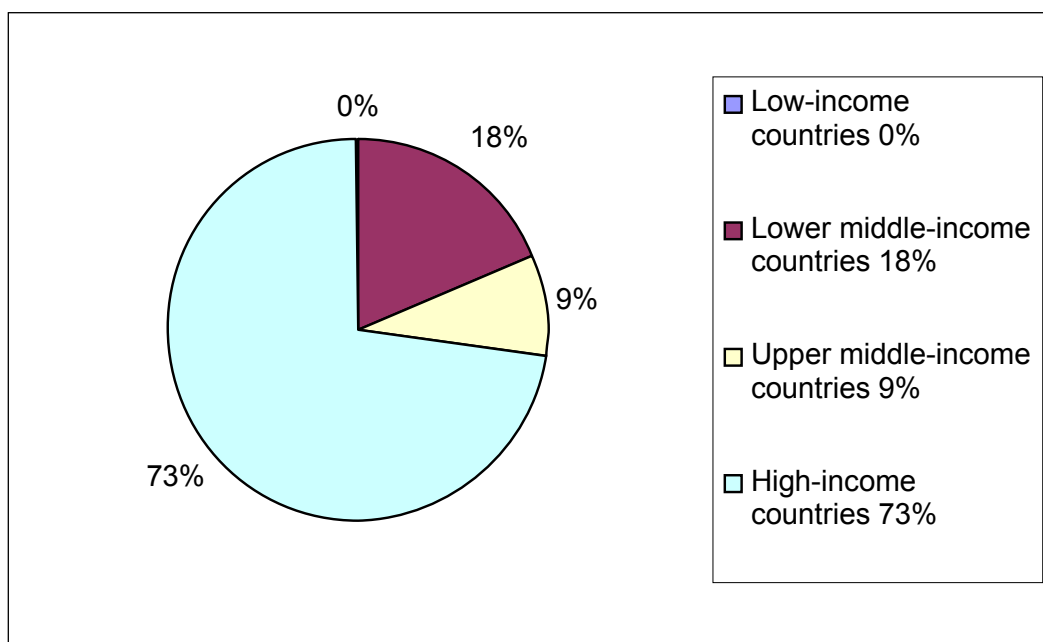
<sup>2</sup> Country groupings are based on the World Bank's country classification by economic status. A complete list of country groupings can be found at the website [www.worldbank.org](http://www.worldbank.org). The countries that Sweden exports military equipment to or has granted an export licence to in 2010 comply with the grouping: **High-income countries:** Australia, New Zealand, Saudi Arabia, United Arab Emirates, Bahrain, Singapore, Republic of Korea, Japan, Hong Kong, Canada, the United States, Norway, Iceland, Austria, Germany, the United Kingdom, Spain, Slovenia, Portugal, New Caledonia (FR), the Netherlands, Italy, Ireland, Greece, France, Luxembourg, Andorra, Finland, Denmark, Belgium, Estonia, Switzerland, Oman, Hungary, the Czech Republic, Slovakia. **Upper middle-income countries:** Azerbaijan, Mauritius, South Africa, Malaysia, Chile, Argentina, Mexico, Russia, Romania, Croatia, Poland, Lithuania, Latvia, Bulgaria, Brazil, Turkey, Algeria, Kazakhstan, Brunei, Kuwait, Trinidad/Tobago. **Lower-middle-income countries:** Namibia, Egypt, Thailand, Indonesia, Ukraine, India, Jordan, Pakistan, Tunisia, Ecuador. **Low-income countries:** Tanzania.



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



**Table 17. Total export**



**Table 18. Exporting companies and authorities 2010**

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

<b>Company</b>	<b>MEC</b>	<b>OME</b>	<b>Total</b>
Saab Dynamics AB	2 252	699	2 951
BAE Systems Hägglunds AB	1 931	787	2 718
Saab AB, Surveillance Systems	-	2 068	2 068
Saab AB, Electronic Defence Systems	537	708	1 245
Saab AB, Aeronautics	1 066	147	1 213
Swedish Defence Materiel Administration, FMV	34	481	515
Saab AB, Security and Defence Solutions	101	373	474
FFV Ordnance AB	-	417	417
Nammo Vanäsverken AB	381	3	384
BAE Systems Bofors AB	248	112	360
BAE Systems SWS Defence AB	-	277	277
Kockums AB	-	219	219
Norma Precision AB	9	181	190
Volvo Aero AB	-	186	186
EURENCO Bofors AB	161	0.1	161
Scania CV AB	-	59	59
Saab Training Systems AB	-	56	56
Saab Barracuda AB	-	48	48
Nammo LIAB AB	-	45	45
Ericsson AB	-	16	16
Saab Underwater Systems AB	-	15	15
Polyamp AB	-	14	14
Nammo Vingåkersverken AB	11	1	12
Saab AB, Support and Services	-	12	12
Åkers Krutbruk Protection AB	-	11	11

**The following companies and authorities made exports valued at between SEK 1 million and SEK 10 million in 2010:**

VO Vapen AB, Applied Composites AB ACAB, FLIR Systems AB, Befyraem Technologies AB, MSE Weibull AB, N. Sundin Dockstavarvet AB, PartnerTech AB, Norabel Ignition Systems AB, Aimpoint AB, Airsafe Sweden AB, Schill Reglerteknik AB, Deform AB, FMLog Resmat, Taiga AB, Waltreco AB, Ekenäs Mekaniska AB, Ex & Plose AB.

**A number of companies and authorities made exports valued at less than SEK 1 million in 2010:**

Loxitec Karlskoga AB, CrossControl AB, Swedish Defence Research Agency (FOI), FX Airguns AB, Swedish Armed Forces, Sundström Safety AB, Stalons Svarv & Svets AB, Comtri AB, Saab Bofors Test Center AB, Spuhr i Dalby AB, Scanjack AB, Vallrud Vision Sweden, ArmaTech AB, Filtrator Värme & Vent 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.

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
	Annex	C	List of products/substances subject to declaration requirement

## Annex 2 The Swedish Agency for Non-Proliferation and Export Controls on trends in Swedish and international export control

*The following text is a contribution from the ISP (Swedish Agency for Non-Proliferation and Export Controls), where the agency presents its view on important trends in Swedish and international export control during 2010.*

### Summary

The proliferation of weapons of mass destruction (WMDs) is one of the greatest threats faced by the world. The ultimate aim of Swedish export controls on dual-use products (DUPs) is to prevent the proliferation of WMDs. Efficient product control will continue to serve as the basis for Swedish export control, although end use control will grow increasingly important. The ISP will continue its efforts to simplify case management, allowing it to focus more resources on more complicated cases. In turn, this will require greater resources being devoted to supervisory activities. In addition, continued good coordination between agencies is essential for efficient export control. The Co-operation Council on non-proliferation issues established in 2010 enables the coordination of work between agencies that have been assigned a role in non-proliferation efforts and makes it possible to use resources efficiently. The fact that the Signal Surveillance Act removes the opportunity for the ISP to direct the signal surveillance work of the National Defence Radio Establishment (FRA) is a circumstance that makes the work of the ISP more difficult.

In 2010, the value of defence equipment exported from Sweden totalled approximately SEK 13.7 billion. Exports reflected a pattern similar to that of previous years, that is, exports to EU member states (including Norway and Switzerland) and states with which Sweden has well-established co-operation (primarily Canada, Singapore, South Africa, South Korea and the United States) were dominant. A number of factors are expected to affect export control of defence equipment over the next few years. Principal among these is the coming into force of the directive on the transfer of defence equipment within the EU (ICT) and the approaching UN negotiations on an Arms Trade Treaty (ATT). Since the current Military Equipment Act came into effect in 1993, practices have developed against the background of the new global threats to Swedish security. The Swedish Armed Forces' strategy for the procurement of military equipment, for which the Government underscores the importance of international co-operation, also affects export control.

An overarching problem identified by the ISP regarding export control for both DUP and military equipment is that the credibility of controls risks being undermined by the rarity of consequences for companies and

individuals who violate export control. This obstructs the ISP's work and, in the long term, risks endangering Swedish security and foreign policy.

Skr. 2010/11:114

## **Introduction**

The proliferation of weapons of mass destruction (WMDs) is one of the most serious threats the world faces. The ambition to prevent proliferation of WMDs has a major impact on how Sweden and the EU formulate their foreign and security policies. The export control regimes represent an important instrument in efforts to prevent the proliferation of WMDs. It is therefore crucial that the work being conducted by the regimes be intensified and strengthened. In this context, it is particularly important to stress the importance of the regimes being able to adopt and maintain relevant control lists for products that can be used in the production of WMDs. In these efforts, the ISP supports the Government Offices with expert advice. The ISP is also tasked with ensuring that Sweden's undertakings in these regimes are met in connection with the consideration of applications for export licences for dual-use products (DUPs). The export controls serve to ensure that Swedish industry, brokers and research institutions do not contribute to the proliferation of WMDs by exporting DUPs or technologies to states or non-state actors with WMD ambitions. Efforts on non-proliferation issues involve several Swedish authorities and well-functioning co-operation between these authorities is a prerequisite for efficient non-proliferation work. With this in mind, a Co-operation Council was established in 2010, in which authorities with assignments in the area of non-proliferation participate.

Likewise, it is important that Swedish-produced defence equipment does not end up in countries where it may be used for aggressive purposes or to oppress the domestic population. In this context, industry's export licence applications are considered on the basis not only of the Swedish guidelines, but also the EU's Common Position with common rules for exports of military technology and equipment. The licence approval process shall also take into account changes in defence, security and foreign policy, such as Government Defence Bill formulations regarding the importance of international co-operation and the Government Communication regarding Sweden's policy for sustainable development. In the context it is important to note that the trend during the first decade of the new millennium has demonstrated that terrorist attacks and access to illegal small arms and light weapons are what take lives rather than nuclear, chemical or biological weapons. Small arms and light weapons have been the real weapons of mass destruction in the 21st century. In this perspective, the UN's work to bring about an international arms trade treaty is exceptionally important.

As a result of the EU's decision in 2009 to facilitate mobility within the Union for components and smaller defence systems (Intra Community Transfer), work is under way within the member states to reform legislation. The issue is currently being studied by the Government Offices and proposals for legislative amendments are expected to be presented to the Riksdag during the spring of 2011.

One stage in this reform involves established defence industries being certified in accordance with guidelines set by the EU. It is assumed that the ISP will be authority responsible for this certification in Sweden.

Given these points of departure, the following section presents the most important trends in Swedish and international export control with respect to dual-use products and military equipment and the ISP's role.

## **Dual-use Products (DUP)**

### *Background*

Swedish export controls on DUPs are based on the control list in Annex 1 to Council Regulation (EC) 428/2009. This list encompasses the products included in the control lists of the various international export control regimes, those being the Wassenaar Arrangement (WA), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers' Group (NSG), the Australia Group (AG) and the Chemical Weapons Convention (CWC).

The consideration of applications for exports of DUPs shall take into account both the sensitivity of the product and its end use. Applications shall not be approved if there is any suspicion that the product is to be used in military/WMD projects in the recipient country. To enable this assessment, the ISP must acquire knowledge of the businesses, organisations and individuals that serve as channels for procurement for the undesirable end use. In accordance with the above-mentioned EC Regulation, the ISP is also able to place products not included in the above-mentioned Annex 1, i.e. non-controlled products, under control if there is a suspicion that the product may be used in a WMD programme (*catch all*). The prerequisite for the ISP being able to manage its consideration of applications is that the authority works closely with the Swedish Customs, the Swedish Security Service, the Swedish Military Intelligence and Security Service, the National Defence Radio Establishment and the Swedish Defence Research Agency.

The ISP seeks to enhance the efficiency of its consideration of applications and to decrease the administrative burden on companies with regard to export controls. One way to achieve this is by developing formats for global licences. These are broad licences granted to companies with well-developed internal export controls. Thanks to the global licences, resources are freed at the ISP that can then be used to manage more complex applications at the same time as it enables efficient use of resources at the exporting companies. A continued high quality of export control is ensured through the supervision of the companies' internal control programmes by the ISP.

To be able to implement this type of simplification fully, it is also necessary that the ISP be given the opportunity to impose sanctions against companies that fail to meet their obligations. Simplified procedures may not result in poorer export controls. Being afforded the opportunity to make decisions regarding fines, the ISP would be able

ensure that companies devote sufficient resources to their internal controls. Skr. 2010/11:114

### *Trends*

It can be affirmed that the number of enquiries regarding the conditions for carrying out certain exports (so-called advance rulings) has continued to increase markedly. This development is attributable to, inter alia, the increased attention being directed towards North Korea and Iran's WMD programmes as a consequence of the sanctions adopted by the UN Security Council and the EU. While Sweden's trade with North Korea is almost non-existent, its trade with Iran has traditionally been considerable. In 2010, the EU resolved to introduce new sanctions against Iran (Regulation 961/2010) with the result that restrictions on trade with Iran have become more extensive. Additional products are now prohibited for export to Iran. Far-reaching restrictions have been imposed against the Iranian energy sector and financial transactions to and from the country are regulated. As a consequence, the ISP has been given a new assignment to mediate advance rulings for transfers of assets exceeding EUR 40 000 and to receive advance registrations for all transactions of more than EUR 10 000 to and from Iran.

Product controls will continue to form the basis of Swedish export controls. However, increased focus on end use is necessary. One way in which to develop controls vis-à-vis end users is to require that exporting companies are knowledgeable about their customers and that they check that the exported products are used in accordance with the issued End User Certificates. The opportunities should also be considered that exist to require companies to provide guarantees that exported products are really used in the intended manner and at the facilities indicated. This imposes greater demands on the companies' internal export control programmes. The ISP's role would change to a certain extent, resulting in increased supervision activities.

The sanctions against Iran have led to the initiation of new approaches to impeding the proliferation of WMDs. This includes extending the range of products subject to controls and to certain products being prohibited for export to Iran entirely due to their sensitivity. In addition, bans have been introduced on direct business interaction or financial contacts with specific companies and individuals. This model of export control involves a new approach, which can be expected to be applied to an increasing extent in the next few years. One consequence of export financing also being subject to control is that banks and other financial institutions frequently require export control undertakings from exporters before providing financial guarantees for the export. It is this in particular that has brought a substantial increase in applications for advance rulings since the new sanctions against Iran came into effect.

An important initiative in the co-operation with other authorities working on issues of non-proliferation is the establishment of a Co-operation Council at a strategic level and chaired by the Secretary General of the ISP. This forum gives the relevant authorities an opportunity to coordinate and prioritise non-proliferation efforts at a



strategic level to achieve the greatest possible effect with the resources available. This also requires co-operation at an operational level where, for example, working methods can be agreed and information shared. In this context, it can be said that the co-operation with the Swedish Defence Radio Centre (FRA) has been weakened by the new the Signal Surveillance Act which means that the ISP may no longer direct the signal surveillance work of the FRA. This has hampered the work of the ISP, particularly when it comes to gathering information about companies being used as fronts.

## **Key development tendencies in 2010 – defence equipment**

### *Responsible administration of defence equipment exports*

In 2010, defence equipment was exported to 56 countries and hunting and sports ammunition was exported to an additional seven countries. Total exports for 2010 were largely unchanged compared with 2009 (SEK 13.7 billion, compared with SEK 13.5 billion in 2009). As in previous years, exports to the Nordic countries, the EU and a small number of other well-established recipient countries (OECD countries + South Africa) accounted for most of Sweden's exports (approximately SEK 11 billion). The division between Other military equipment (OME) and military equipment for combat (MEC) was by and large unchanged (49 per cent MEC) compared with the preceding year.

The five largest recipient countries of Swedish defence equipment in 2010 were the Netherlands (SEK 2.1 billion), the United Kingdom (SEK 1.4 billion), Pakistan (SEK 1.3 billion), the United States (SEK 1.2 billion) and South Africa (SEK 1.1 billion). In this context, it can be said that individual systems account for more or less all combined exports to certain individual countries. Examples include Pakistan (continued deliveries of the Erieye system and follow-on deliveries of air-defence equipment), India (follow-on supplies for army equipment), Singapore (naval equipment), South Africa (JAS Gripen), the United Arab Emirates (Erieye system), Thailand (Erieye and JAS Gripen) and Brunei (naval equipment).

Sales of antitank weapons to the United Arab Emirates deserve particular attention. An advance ruling was provided as early as in 2002 in light of discussions being conducted regarding and MoU between Sweden and Saudi Arabia in the area of defence (subsequently signed in 2004). An advance ruling means that the company can expect to be granted permission to issue bids and make exports unless significant new circumstances arise. The contract was signed in 2005. Deliveries of the system commenced in 2010. The motivation for the advance ruling in 2002 underscored, inter alia, the urgency of Sweden maintaining its competence in the relevant area and the assessment was made that Saudi Arabia could not be expected to use the system for purposes of aggression.

In recent years, Sweden's exports to countries in North Africa and the Near East have been very limited. The ISP is monitoring events in the

region. Any cases involving exports of new equipment systems to the region will be assessed in the light of the prevailing situation and on a *case-by-case* basis.

### *International collaboration*

As the ISP has previously reported, the Government established (in Government Bill 2004/05:5 Our future defence) that Sweden's international equipment collaboration should be focused on the countries that can best meet our national needs for expertise in the future provision of equipment. The countries indicated were those within the six-nation initiative (FA/LoI), those being, apart from Sweden, France, Italy, Spain, the United Kingdom, and Germany, as well as the Nordic countries and the United States. The Government has stated further, in its defence bill for the period 2010-2014 (Gov. Bill 2008/09:140 "A functional defence") that the future equipment supply needs of the Swedish Armed Forces, regardless of the procurement format, must be considered in the light of possible international co-operation. International co-operation also entails consequences for export controls. For such co-operation to be possible in the long term there must be an element of give and take whereby mutual agreement is reached regarding possible export destinations for jointly developed equipment. Such consensus is aided by the ongoing process of harmonisation resulting from the EU's Common Position from 2008 on controls of exports of military technology and military equipment. The Government's instructions to the ISP state that this shall be applied in parallel with the Swedish guidelines.

The Swedish aspiration for international equipment co-operation is in line with the European aspirations expressed through the establishment of the European defence equipment agency, EDA. It is the Government's assessment that the Swedish defence and security industry will benefit from a more open and efficient defence equipment market, which would be larger and offer more equitable terms of competition. On 1 August 2010, a new agency was also established in Sweden, the Swedish Defence and Security Export Agency, to support the export efforts of the Swedish defence industry and to shoulder responsibility for sales of equipment no longer used by the Swedish Armed Forces. Exports of defence equipment through the Swedish Defence and Security Export Agency are subject to the same regulations as exports by the defence industry. Consequently, the ISP will establish a close dialogue with the new agency.

As a result of the EU directive on the facilitating of trade in defence equipment between EU member states adopted in 2009, a study has been in progress within the Government Offices, in which the ISP has been afforded the opportunity to submit data to the special examiner. A government bill on the subject will be submitted to the Riksdag during the spring of 2011, proposing amendments with regard to categories of military equipment. The amendments will come into effect on 30 June 2012.

Based on the EU directive, general licences will be introduced for transfers of defence equipment – primarily components – between EU member states. In addition, a certification process will be introduced for certain defence industries (known as systems integrators). Sweden will also start to apply the EU military list at the national level. This would entail service exports (technical aid) also being made subject to controls. A key task ahead of the directive entering force will be to determine the extent to which general licences can be used for transfers to other EU countries. In this context, the traditional division into OME (Other Military Equipment) and MEC (Military Equipment for Combat purposes) will be less relevant. These concepts should therefore be complemented with a sensitivity analysis.

### *Development of customary practice*

In accordance with the Military Equipment Act, licenses may be issued on grounds of defence or security policy and if no foreign policy impediment exists. Since these areas of policy develop over time, practices have had to adapt to take this development into account. Sweden's security scenario and the importance of international co-operation to defence policy has stood at the heart of this adaptation process. The Export Control Council expresses its view on this development on an ongoing basis.

When the Swedish Military Equipment Act came into force in 1993, security policy was still shaped by the conceptual framework of the cold war. Over the ensuing years, the view on threats to Sweden's security has gradually shifted. Today, natural disasters, terrorism, piracy or organised international crime can constitute security threats. Examples include interruptions to energy or food supplies as a consequence of disruptions to free navigation. It is these new threats that have led to Swedish troops being committed to Afghanistan and to the EU's operation Atalanta in the shipping lanes off Somalia.

Consequently defence equipment has increasingly come to be used for coastal, border and air surveillance, which in many countries falls within the responsibility of civilian authorities. Can, for example, systems originally used solely for military position assessments also fulfil civilian needs? The answer is yes, since monitoring systems, reconnaissance radar or marine component systems can help counteract terrorism or acts of piracy and counteract the international narcotics trade.

Even given broadened areas of use for these systems, it naturally remains important that the products of the Swedish defence industry do not end up in countries that may use them for aggressive purposes or to oppress their own population. This means that the issue of respect for human rights in the recipient state is afforded particular scope in licensing assessments. Consequently, discussions on consultation issues by the Export Control Council include background data from the Ministry for Foreign Affairs that analyse in particular the recipient country's respect for human rights, including its form of government. Thus the assessment takes into account, in particular, the recipient country's level of democratic development and opportunities for grass-

roots influence. In its licensing assessments, the ISP must also take into account changes taking place in Sweden's foreign policy. An example of this is Sweden's policy on global development, established in Government Bill 2002/03:122 and further elaborated in Government Communication 2007/08:89. The issue of sustainable development is also included among the criteria taken into account in accordance with the EU Common Position on arms exports.

Skr. 2010/11:114

## Annex 3 Arms brokering

### 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 2010, 30 companies were registered as brokers of military equipment.

### Registered brokers in 2010

ACR Aviation Capacity Resources International AB, Airsafe Sweden AB, BAE Systems SWS Defence AB, CA Monitor AB, Countermine Technologies AB, Ex & Plose AB, Fastighetsaktiebolaget Stefan Persson, FFV Ordnance AB, Gripen International AB, Gripen International KB, Grontmij Installationspartner AB, ISD Technologies AB, LISCO Sweden AB, Millesvik Maskin & Trading AB, Milmac Sweden AB, MP-SEC International AB, MvP Enterprises, Naverviken Logistic AB, Norabel Ignition Systems AB, Renajs Scandinavia AB, Rockwell Collins AB, Rybro International Limited, Sako Oy Finland Filial, SOURIAU Sweden AB, Swedish Security Technology & Innovation (SSTI), Södermanlands regementes museiförening, Tommy Lindmark med firma North Folk Bullets Scandinavia, Trelleborg Protective Products AB, Venatio AB, W.L. Gore & Associates Scandinavia AB.

**Table 20. Approved individual brokering licences in 2010**

Number	Value	Military list categories <sup>3</sup>	Countries
10	Cannot be disclosed since value is not always ascertained by the ISP	5, 8, 10, 14	United States Finland France Republic of Korea Spain Germany

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

## Annex 4 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.

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 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) 2008-2010**

<b>Export cases</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Total</b> , export licences, global and individual, of which:	491	786	1 046
The Wassenaar Arrangement	291	406	476
The Missile Technology Control Regime	4	1	4
Nuclear Suppliers Group (Part 2)	9	49	21
The Australia Group	187	227	344
Sanctions	39	83	193
Uncontrolled products		20	8
<b>Total</b> – Cases involving transfers of assets and financial services	-	-	228 <sup>4</sup>
Registration			77
Permits			151

**Table 22. Number of approved individual licences for permanent export of dual-use products in 2010**

<b>Country</b>	<b>Control regime</b>	<b>Number</b>
Algeria	WA	3
Armenia	WA	2
Argentina	AG, WA	2
Bahamas	WA	1
Bahrain	AG, WA	3
Bermuda	WA	1
Bosnia-Herzegovina	WA	1
Brazil	AG, NSG, WA	55
Chile	AG	3
Egypt	AG, WA	3
Equatorial Guinea	WA	1
Philippines	AG	1
France	AG	1
United Arab Emirates	AG, NSG, WA	11
Gabon	AG	1
Greece	AG	1
Hong Kong, China	WA	1
India	AG, NSG, WA	62
Indonesia	AG, WA	24
Israel	AG, WA	19
Iran	AG, WA, sanctions	166
Iceland	AG, WA	5
Jordan	WA	1
Canada	AG	1

<sup>4</sup> Effective from November 2010, all pertaining to Iran.



Kazakhstan	AG, WA	3
Kenya	WA	1
China, People's Republic	AG, MTCR, NSG, WA	146
Korea, Republic	AG, NSG, WA	49
Croatia	WA	2
Kuwait	WA	1
Lebanon	AG, WA	4
Malaysia	AG, WA	44
Morocco	AG	2
Mexico	AG, WA	25
Moldova	WA	1
Nigeria	AG	1
Norway	AG	1
Oman	AG, WA	2
Pakistan	WA	1
Panama	WA	1
Paraguay	AG	1
Qatar	AG	6
Russian Federation (Russia)	AG, MTCR, NSG, WA	30
Saudi Arabia	AG, WA	7
Serbia	WA	8
Singapore	AG, NSG, WA	25
United Kingdom	WA	1
South Africa	AG, WA	5
The Syrian Arab Republic	NSG, WA	4
Taiwan	AG, NSG, WA	15
Thailand	AG, WA	20
Trinidad and Tobago	AG	1
Turkey	AG, WA	20
Germany	WA	1
Ukraine	AG	4
Uruguay	WA	2
Venezuela	WA	5
Vietnam	AG, NSG, WA	6
Yemen	AG	1

**Table 23. Number of advance rulings and enquiries about uncontrolled products, 2006-2010**

	2006	2007	2008	2009	2010
Total number of advance rulings issued	64	118	81	89	205
Of which, enquiries regarding uncontrolled products	50	103	93	57	173

**Table 24. Number of applications concerning requests for advance rulings – controlled and uncontrolled products for which rulings were issued in 2010**

Skr. 2010/11:114

Country	Uncontrolled products			Controlled products		Total
	No measure	“Catch-all” negative	“Catch all”	Listed product, positive	Listed product, denial	
United States	1			1		2
The Syrian Arab Republic	1			1	2	4
Argentina	2					2
Democratic People’s Republic of Korea		1				1
Democratic Republic of Congo					1	1
People’s Republic of China	9			5		14
United Arab Emirates	1				1	2
Hong Kong, China	3			1		4
India	6			1	1	8
Iraq	2			1		3
Iran	114	7	11	1	7	140
Israel	1					1
Kazakhstan				1		1
Libya	1			1		2
Pakistan	1					1
Russian Federation (Russia)	6	1		1		8
Saudi Arabia				1		1
Switzerland	1					1
Serbia				1		1
Singapore	1					1
Sri Lanka	1					1
Thailand				1		1
Turkey	1			1		2
Venezuela	1					1
Vietnam				1		1
Yemen				1		1

**Table 25. Number of product enquiries received 2008-2010**

<b>2008</b>	<b>2009</b>	<b>2010</b>
177	160	161

**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 products on NSG's list 1 from companies in Sweden (Source: Swedish Radiation Safety Authority)**

<b>Recipient country</b>	<b>2008 Exporting companies, number of licences</b>	<b>2009 Exporting companies, number of licences</b>	<b>2010 Exporting companies<sup>5</sup>, number of licences</b>
EU		Westinghouse, 1	Westinghouse, 1
Finland	Westinghouse, 1	Westinghouse, 2	Westinghouse, 2
France		Westinghouse, 1	
Iceland		Svenska Tanso, 1	Svenska Tanso, 1
Japan	Westinghouse, 2	Sandvik 1, Westinghouse 3	Sandvik, 2 Studsvik, 1 Westinghouse, 2
Canada		The Royal Institute of Technology, 1	Westinghouse, 1
Kazakhstan			Westinghouse, 1
China, People's Republic			Sandvik, 1
Korea, Republic			KWD Nuclear Instruments AB, 2 Vattenfall Nuclear Fuel AB, 1
Malaysia		Svenska Tanso, 1	
Norway	Westinghouse, 1 Studsvik, 1 Wedholm Medical, 1	Studsvik, 1 Wedholm Medical, 3 Westinghouse, 2	Wedholm Medical, 3, Westinghouse, 1
Russia			Vattenfall Nuclear Fuel AB, 1
Switzerland	Westinghouse, 1	Westinghouse, 3	Westinghouse, 3

<sup>5</sup> Wedholm Medical changed name to KWD Nuclear Instruments on 9 September 2010

<b>Recipient country</b>	<b>2008 Exporting companies, number of licences</b>	<b>2009 Exporting companies, number of licences</b>	<b>2010 Exporting companies <sup>5</sup>, number of licences</b>
Spain	Westinghouse, 4	Sandvik, 2 Westinghouse, 3	Sandvik 1, Westinghouse, 1
Germany	Wedholm Medical, 2 Westinghouse, 1 Vattenfall Nuclear Fuel AB, 1	Wedholm Medical, 1	Areva NP Uddcomb, 1 Westinghouse, 4 KWD Nuclear Instruments AB, 1
Germany, France, Spain,		Areva NP Uddcomb, 1	
Ukraine	Westinghouse, 1	Westinghouse, 1	Westinghouse, 1
United States	Westinghouse, 14 Studsvik, 1	GE Hitachi, 1 Svenska Tanso, 1 Westinghouse, 17	Westinghouse, 17
USA – Taiwan	Westinghouse, 1		Westinghouse, 1

## Annex 5 Regulatory framework

### **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 on export cases are made primarily by the Swedish Agency for Non-Proliferation and Export Controls (ISP), except those deemed to be of principal importance or otherwise particularly important, 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 elaborated through Government practice and are detailed in the Government Guidelines for the Exportation of

Military Equipment and Other Forms of Collaboration Abroad (cf. Skr. 2010/11:114 Government Bill 1991/92:174 p. 41 f., bill 1995/96:31 p. 23 f. and report 1992/93:UU1). The complete text of the Guidelines is provided below.

### **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 the 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 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 are: resolutions of the UN Security Council, international agreements to which Sweden is 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. Skr. 2010/11:114

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 of, for example, ammunition, linked with previous exports of equipment, or otherwise in cases where licence denial would be unreasonable".

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, and an End User Certificate or an Own Production Declaration should be presented in connection with exports of military equipment. A state which, despite undertakings given to the Swedish Government, allows, or fails to prevent, 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 or not war has been declared, is involved in an international conflict that may lead to an armed conflict or is the scene of internal armed disturbances.

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

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



international law and with the principles and objectives of Swedish foreign policy. Skr. 2010/11:114

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

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

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

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

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

The Council Common Position 2008/944/CFSP of 8 December 2008 on defining common rules governing the control of exports of military technology and equipment has the following content (OJEC L 335, 13.12.2008, page 99):

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty of the European Union,

and in particular Article 15 thereof, Whereas:

(1) Member States intend to build on the Common Criteria agreed at the Luxembourg and Lisbon European Councils in 1991 and 1992, and on the EU's Common Position on Arms Exports adopted by the Council in 1998.

(2) Member States recognise the special responsibility of military technology and equipment exporting States.

(3) Member States are determined to set high common standards which shall be regarded as the minimum for the management of, and restraint in, transfers of military technology and equipment by all Member States, and to strengthen the exchange of relevant information with a view to achieving greater transparency.

(4) Member States are determined to prevent the export of military technology and equipment which might be used for internal repression or international aggression or contribute to regional instability.

(5) Member States intend to reinforce co-operation and to promote convergence in the field of exports of military technology and equipment within the framework of the Common Foreign and Security Policy (CFSP).

(6) Complementary measures have been taken against illicit transfers, in the form of the EU Programme for Preventing and Combating Illicit Trafficking in Conventional Arms.

(7) The Council adopted on 12 July 2002 Joint Action 2002/589/CFSP [1] on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons.

(8) The Council adopted on 23 June 2003 Common Position 2003/468/CFSP [2] on the control of arms brokering.

(9) The European Council adopted in December 2003 a strategy against the proliferation of weapons of mass destruction, and in December 2005 a strategy to combat illicit accumulation and trafficking of SALW and their ammunition, which imply an increased common interest of Member States of the European Union in a coordinated approach to the control of exports of military technology and equipment.

(10) The UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects was adopted in 2001.

(11) The United Nations Register of Conventional Arms was established in 1992.

(12) States have a right to transfer the means of self-defence, consistent with the right of self-defence recognised by the UN Charter.

(13) The wish of Member States to maintain a defence industry as part of their industrial base as well as their defence effort is acknowledged.

(14) The strengthening of a European defence technological and industrial base, which contributes to the implementation of the Common Foreign and Security Policy, in particular the Common European Security and Defence Policy, should be accompanied by co-operation and convergence in the field of military technology and equipment.

(15) Member States intend to strengthen the European Union's export control policy for military technology and equipment through the adoption of this Common Position, which updates and replaces the EU's Common Position on Arms Exports adopted by the Council on 8 June 1998.

(16) On 13 June 2000, the Council adopted the Common Military List of the European Union, which is regularly reviewed, taking into account, where appropriate, similar national and international lists [3].

(17) The Union must ensure the consistency of its external activities as a whole in the context of its external relations, in accordance with Article 3, second paragraph of the Treaty; in this respect the Council takes note of the Commission proposal to amend Council Regulation (EC) No. 1334/2000 of 22 June 2000 setting up a Community regime for the control of exports of dual-use items and technology [4],



(d) the commitments of Member States in the framework of the Australia Group, the Missile Technology Control Regime, the Zangger Committee, the Nuclear Suppliers Group, the Wassenaar Arrangement and the Hague Code of Conduct against Ballistic Missile Proliferation.

2. Criterion Two: Respect for human rights in the country of final destination as well as respect by that country of international humanitarian law.

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

(a) deny an export licence if there is a clear risk that the military technology or equipment to be exported might be used for internal repression;

(b) exercise special caution and vigilance in issuing licences, on a case-by-case basis and taking account of the nature of the military technology or equipment, to countries where serious violations of human rights have by the European Union or by the Council of Europe.

For these purposes, technology or equipment which might be used for internal repression will include, inter alia, technology or equipment where there is evidence of the use of this or similar technology or equipment for internal repression by the proposed end-user, or where there is reason to believe that the technology or equipment will be diverted from its stated end-use or end-user and used for internal repression. In line with Article 1 of this Common Position, the nature of the technology or equipment will be considered carefully, particularly if it is intended for internal security purposes. Internal repression includes, inter alia, torture and other cruel, inhuman and degrading treatment or punishment, summary or arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.

— Having assessed the recipient country's attitude towards relevant principles established by instruments of international humanitarian law, Member States shall:

(c) deny an export licence if there is a clear risk that the military technology or equipment to be exported might be used in the commission of serious violations of international humanitarian law.

3. Criterion Three: Internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts. Skr. 2010/11:114

Member States shall deny an export licence for military technology or equipment which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.

4. Criterion Four: Preservation of regional peace, security and stability.

Member States shall deny an export licence if there is a clear risk that the intended recipient would use the military technology or equipment to be exported aggressively against another country or to assert by force a territorial claim. When considering these risks, Member States shall take into account inter alia:

(a) the existence or likelihood of armed conflict between the recipient and another country;

(b) a claim against the territory of a neighbouring country which the recipient has in the past tried or threatened to pursue by means of force;

(c) the likelihood of the military technology or equipment being used other than for the legitimate national security and defence of the recipient;

(d) the need not to affect adversely regional stability in any significant way.

5. Criterion Five: National security of the Member States and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.

Member States shall take into account:

(a) the potential effect of the military technology or equipment to be exported on their defence and security interests as well as those of Member State and those of friendly and allied countries, while recognising that this factor cannot affect consideration of the criteria on respect for human rights and on regional peace, security and stability;

(b) the risk of use of the military technology or equipment concerned against their forces or those of Member States and those of friendly and allied countries.

6. Criterion Six: Behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law.

Member States shall take into account, inter alia, the record of the buyer country with regard to: Skr. 2010/11:114

(a) its support for or encouragement of terrorism and international organised crime;

(b) its compliance with its international commitments, in particular on the non-use of force, and with international humanitarian law;

(c) its commitment to non-proliferation and other areas of arms control and disarmament, in particular the signature, ratification and implementation of relevant arms control and disarmament conventions referred to in point (b) of Criterion One.

7. Criterion Seven: Existence of a risk that the military technology or equipment will be diverted within the buyer country or re-exported under undesirable conditions.

In assessing the impact of the military technology or equipment to be exported on the recipient country and the risk that such technology or equipment might be diverted to an undesirable end-user or for an undesirable end use, the following shall be considered:

(a) the legitimate defence and domestic security interests of the recipient country, including any participation in United Nations or other peacekeeping activity;

(b) the technical capability of the recipient country to use such technology or equipment;

(c) the capability of the recipient country to apply effective export controls;

(d) the risk of such technology or equipment being re-exported to undesirable destinations, and the record of the recipient country in respecting any re-export provision or consent prior to re-export which the exporting Member State considers appropriate to impose; licences which have been denied in accordance with the criteria of this

(e) the risk of such technology or equipment being diverted to terrorist organisations or to individual terrorists;

(f) the risk of reverse engineering or unintended technology transfer.

8. Criterion Eight: Compatibility of the exports of the military technology or equipment with the technical and economic capacity of the recipient country, taking into account the desirability that states should meet their legitimate security and defence needs with the least diversion of human and economic resources for armaments.

Member States shall take into account, in the light of information from relevant sources such as United Nations Development Programme, World Bank, International Monetary Fund and Organisation for Economic Co-operation and Development reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They shall consider in this context the recipient country's relative levels of military and social expenditure, taking into account also any EU or bilateral aid.

Skr. 2010/11:114

### *Article 3*

This Common Position shall not affect the right of Member States to operate more restrictive national policies.

### *Article 4*

1. Member States shall circulate details of applications for export licences which have been denied in accordance with the criteria of this Common Position together with an explanation of why the licence has been denied. Before any Member State grants a licence which has been denied by another Member State or States for an essentially identical transaction within the last three years, it shall first consult the Member State or States which issued the denial(s). If following consultations, the Member State nevertheless decides to grant a licence, it shall notify the Member State or States issuing the denial(s), giving a detailed explanation of its reasoning.
2. The decision to transfer or deny the transfer of any military technology or equipment shall remain at the national discretion of each Member State. A denial of a licence is understood to take place when the Member State has refused to authorise the actual sale or export of the military technology or equipment concerned, where a sale would otherwise have come about, or the conclusion of the relevant contract. For these purposes, a notifiable denial may, in accordance with national procedures, include denial of permission to start negotiations or a negative response to a formal initial enquiry about a specific order.
3. Member States shall keep such denials and consultations confidential and not use them for commercial advantage.

### *Article 5*

Export licences shall be granted only on the basis of reliable prior knowledge of end use in the country of final destination. This will generally require a thoroughly checked end-user certificate or appropriate documentation and/or some form of official authorisation issued by the country of final destination. When assessing applications for licences to export military technology or equipment for the purposes of production in third countries, Member States shall in particular take account of the



potential use of the finished product in the country of production and of the risk that the finished product might be diverted or exported to an undesirable end user. Skr. 2010/11:114

#### *Article 6*

Without prejudice to Regulation (EC) No. 1334/2000, the criteria in Article 2 of this Common Position and the consultation procedure provided for in Article 4 are also to apply to Member States in respect of dual-use goods and technology as specified in Annex I to Regulation (EC) No. 1334/2000 where there are serious grounds for believing that the end-user of such goods and technology will be the armed forces or internal security forces or similar entities in the recipient country. References in this Common Position to military technology or equipment shall be understood to include such goods and technology.

#### *Article 7*

In order to maximise the effectiveness of this Common Position, Member States shall work within the framework of the CFSP to reinforce their co-operation and to promote their convergence in the field of exports of military technology and equipment.

#### *Article 8*

1. Each Member State shall circulate to other Member States in confidence an annual report on its exports of military technology and equipment and on its implementation of this Common Position.
2. An EU Annual Report, based on contributions from all Member States, shall be submitted to the Council and published in the 'C' series of the Official Journal of the European Union.
3. In addition, each Member State which exports technology or equipment on the EU Common Military List shall publish a national report on its exports of military technology and equipment, the contents of which will be in accordance with national legislation, as applicable, and will provide information for the EU Annual Report on the implementation of this Common Position as stipulated in the User's Guide.

#### *Article 9*

Member States shall, as appropriate, assess jointly through the CFSP framework the situation of potential or actual recipients of exports of military technology and equipment from Member States, in the light of the principles and criteria of this Common Position.

While Member States, where appropriate, may also take into account the effect of proposed exports on their economic, social, commercial and industrial interests, these factors shall not affect the application of the above criteria.

*Article 11*

Member States shall use their best endeavours to encourage other States which export military technology or equipment to apply the criteria of this Common Position. They shall regularly exchange experiences with those third states applying the criteria on their military technology and equipment export control policies and on the application of the criteria.

*Article 12*

Member States shall ensure that their national legislation enables them to control the export of the technology and equipment on the EU Common Military List. The EU Common Military List shall act as a reference point for Member States' national military technology and equipment lists, but shall not directly replace them.

*Article 13*

The User's Guide to the EU's Common Position on Exports of Military Equipment, which is regularly reviewed, shall serve as guidance for the implementation of this Common Position.

*Article 14*

This Common Position shall take effect on the date of its adoption.

*Article 15*

This Common Position shall be reviewed three years after its adoption.

*Article 16*

This Common Position shall be published in the Official Journal of the European Union.

Done at Brussels, 8 December 2008.

For the Council

B. Kouchner  
Chairman

[1] OJ L 191, 19.7.2002, p. 1.

[2] OJ L 156, 25.6.2003, p. 79.

[3] Most recently amended on 10 March 2008, OJ C 98, 18.4.2008, p. 1.

[4] OJ L 159, 30.6.2000, p. 1.

## **The Swedish military list**

### **Annex 1 to the Military Equipment Ordinance (1992:1303) (point 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 20mm 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. Skr. 2010/11:114

**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 materiel 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,
- c. Designs involving specially composed combinations of materials to provide protection for military systems against the effects of weapons,
- d. special components for the above equipment.

**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. Skr. 2010/11:114

**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**

- 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.

**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,



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

### **Common EU legislation**

In 2009, the Council adopted Council Regulation (EC) No. 428/2009 setting up a Community regime for control of exports, transfers, brokering and transshipment 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.

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.

### **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 the 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 the ISP giving companies advance rulings.

### **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. The 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.

**Table 27. Membership of multilateral export control regimes in 2010**

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	-	-	-
Austria	x	x	x	x	x
TOTAL	37	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.

## Annex 6 International arms embargoes

### International arms embargoes in 2010

The table below lists current international arms embargoes and, for those that have a limited duration, their periods of validity, as well as the decisions or legislation regulating each embargo. EU legislation on arms embargoes normally also includes a ban on the provision of technical or financial support with regard to military operations. It also frequently imposes a ban on the provision of equipment that could be used for internal repression and associated technical or financial support. Resolutions and legislation affecting the sanctions regime against a country without directly addressing arms embargoes or associated restrictions are indicated in parentheses. The table also shows whether there are any exemptions from the embargoes. Such exemptions are usually related to humanitarian assistance or peacekeeping operations. For details concerning exemptions, see [www.un.org](http://www.un.org), [www.europa.eu](http://www.europa.eu). or [www.osce.org](http://www.osce.org).

**Table 28. International arms embargoes**

Country	Type of embargo	Valid until	Reference
Armenia	UN embargo (non-binding)		UNSCR 853 (1993)
	OSCE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno- Karabakh		CSOOSCE (1992)
Azerbaijan	UN embargo (non-binding)		UNSCR 853 (1993)
	OSCE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno- Karabakh		CSOOSCE (1992)

Country	Type of embargo	Valid until	Reference
Burma/Myanmar	EU embargo Some exceptions	30 April 2011	General Affairs Council Declaration of 29 July 1991  Council Decision 2010/232/CFSP  Council Regulation (EC) No. 194/2008  <i>amended by:</i> Council Regulation 408/2010/EU Commission Regulation 411/2010/EU

Country	Type of embargo	Valid until	Reference
Côte d'Ivoire	UN embargo Some exceptions		UNSCR 1572 (2004) UNSCR 1643 (2005) UNSCR 1727 (2006) UNSCR 1782 (2007) UNSCR 1842 (2008) UNSCR 1893 (2009)
	Implemented jointly within the EU Some exceptions		Council Decision 2010/656/CFSP  <i>amended by:</i> (Council Decision 2010/801/CFSP) (Council Decision 2011/18/CFSP) (Council Decision 2011/71/CFSP)  Council Regulation (EC) No. 174/2005  <i>amended by:</i> Commission Regulation 1209/2005/EC Council Regulation 1032/2010/EU  (Council Regulation (EC) No. 560/2005)  <i>amended by:</i> (Commission Regulation 1240/2008/EC) (Council Regulation 25/2011/EU) (Council Regulation 85/2011/EU)

Country	Type of embargo	Valid until	Reference
Eritrea	UN embargo  Implemented jointly within the EU		UNSCR 1907 (2009)  Council Decision 2010/127/CFSP  <i>amended by:</i> (Council Decision 2010/414/CFSP)  Council Regulation (EU) No. 667/2010
Democratic People's Republic of Korea (North Korea)	UN embargo  Implemented jointly within the EU Some exceptions		UNSCR 1718 (2006) UNSCR 1874 (2009)  Council Decision 2001/800/CFSP  Council Regulation (EC) No. 329/2007  <i>amended by:</i> Commission Regulation 117/2008/EC Council Regulation 1283/2009/EU Council Regulation 567/2010/EU Commission Regulation 1251/2010/EU

Country	Type of embargo	Valid until	Reference
Democratic Republic of Congo (formerly Zaire)	UN embargo Some exceptions		UNSCR 1493 (2003) UNSCR 1533 (2004) UNSCR 1596 (2005) UNSCR 1807 (2008) UNSCR 1857 (2008) UNSCR 1896 (2009)
	Implemented jointly within the EU Some exceptions		Declaration 33/93, 7 April 1993  Council Decision 2010/788/CFSP  Council Regulation (EC) No. 889/2005  <i>amended by:</i> Council Regulation 1377/2007/EC Council Regulation 666/2008/EC  (Council Regulation (EC) No. 1183/2005)  <i>amended by:</i> (Commission Regulation 1250/2010/EU)



Country	Type of embargo	Valid until	Reference
Iraq	UN embargo Some exceptions  Implemented jointly within the EU Some exceptions		UNSCR 661 (1990) UNSCR 1483 (2003) UNSCR 1546 (2004) UNSCR 1956 (2010)  Declaration 56/90, 4 August 1990  Council Common Position 2003/495/CFSP  <i>amended by:</i> Common Position 2003/735/CFSP Common Position 2004/553/CFSP Common Position 2008/186/CFSP Council Decision 2010/128/CFSP
Iran	UN embargo  Implemented jointly within the EU		UNSCR 1696 (2006) UNSCR 1737 (2006) UNSCR 1747 (2007) UNSCR 1803 (2008) UNSCR 1835 (2008)  Council Decision 2010/413/CFSP  <i>amended by:</i> Council Decision 2010/644/CFSP  Council Regulation (EU) No. 961/2010
China (Excluding Hong Kong and Macao)	EU embargo		European Council Declaration 27 June 1989

Lebanon	UN embargo (non-binding) Some exceptions  Implemented jointly within the EU Some exceptions	Reviews on a 12- monthly basis	UNSCR 1701 (2006)  Council Common Position 2006/625/CFSP  Council Regulation (EC) No. 1412/2006  <i>amended by:</i> Council Regulation 555/2010/EU
Liberia	UN embargo Some exceptions  Implemented jointly within the EU Some exceptions		UNSCR 1521 (2003) UNSCR 1683 (2006) UNSCR 1731 (2006) UNSCR 1792 (2007) UNSCR 1903 (2009)  Council Common Position 2008/109/CFSP  <i>amended by:</i> Council Decision 2010/129/CFSP  Council Regulation (EC) No. 234/2004  <i>amended by:</i> Council Regulation 1126/2006/EC Council Regulation 1819/2006/EC Council Regulation 719/2007/EC Council Regulation 866/2007/EC



Sudan	<p>UN embargo Some exceptions</p> <p>Implemented jointly within the EU Some exceptions</p>		<p>UNSCR 1556 (2004) UNSCR 1591 (2005)</p> <p>Council Common Position 2005/411/CFSP</p> <p><i>amended by:</i> Council Decision 2006/386/CFSP</p> <p>(Council Regulation (EC) No. 1184/2005)</p> <p>Council Regulation (EC) No. 131/2004</p> <p><i>amended by:</i> Council Regulation 1353/2004/EC Commission Regulation 1516/2004/EC Council Regulation 838/2005/EC</p>
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Zimbabwe	EU embargo Some exceptions	20 February 2011	Council Common Position 2004/161/CFSP  <i>amended by:</i> Common Position 2008/632/CFSP Common Position 2009/68/CFSP Council Decision 2010/92/CFSP Council Decision 2010/121/CFSP  Council Regulation (EC) No. 314/2004  <i>amended by:</i> Commission Regulation 1488/2004/EC Commission Regulation 1367/2005/EC Commission Regulation 77/2009/EC Commission Regulation 173/2010/EU
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## Annex 7 Explanations

**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 co-operation is expected to inform other members of the 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 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 co-operation 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. Skr. 2010/11:114

**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.



## Annex 8 Abbreviations

AG	The Australia Group
ATT	Arms Trade Treaty
BAFA	Bundesamt für Wirtschaft und Ausfuhrkontrolle
BTWC	Biological and Toxin Weapons Convention
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
DUP	Dual-use products
ECC	The Export Control Council
EURENCO	European Energetics Corporation
FOI	Swedish Defence Research Agency
IAEA	International Atomic Energy Agency
ISP	The Swedish Agency for Non-Proliferation and Export Controls
LoI	Letter of Intent
MANPADS	Man-portable air defence systems
MEC	Military equipment for combat purposes
MTCR	Missile Technology Control Regime
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
OJ	Official journal of the European Union
OME	Other military equipment
OPCW	Organisation for the Prohibition of Chemical Weapons
OSCE	Organisation for Security and Co-operation in Europe
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
WMD	Weapons of mass destruction
WPDU	Working Party on Dual-Use Goods

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>
Council of the European Union	<a href="http://www.consilium.eu">www.consilium.eu</a>
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>
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 of 10 March 2011

Present: Prime Minister Reinfeldt, chairman, and the following cabinet ministers, Björklund, Larsson, Erlandsson, Carlgren, Hägglund, Carlsson, Sabuni, Billström, Adelsohn Liljeroth, Ohlsson, Norman, Attefall, Engström, Kristersson, Elmsäter-Svärd, Ullenhag, Hatt

Agenda item presented by: Carlsson, Cabinet Minister

The Government decides to present to Parliament the Report  
2010/11:114, Strategic Export Control in 2010 – Military Equipment and  
Dual-Use Products.