

Annual report on The Netherlands arms export policy 2004

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The Netherlands arms export policy in 2004

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1. Introduction

The present report on the Netherlands arms export policy in 2004 is the eighth annual report drawn up in accordance with the “Policy paper on greater transparency in the reporting procedure on exports of military goods” (Parliamentary Proceedings 22 054 No. 30, 27 February 1998). The report comprises:

- a summary of the principles and procedures of the Netherlands arms export policy
- an outline of the Netherlands defence-related industry
- a description of developments in relevant international forums, i.e. the EU, the UN and the Wassenaar Arrangement
- a description of policy relating to controls on the proliferation of small arms
- a summary of the transit regulations which have been in force since 1 January 2002.

Appendix 1 to the report states the values of licences for exports of goods issued in 2004 by category of military goods and by country of final destination. For reporting purposes it has been decided to state the figures for the first-half and second-half of 2004 separately as well.

Appendix 2 shows the trend in Netherlands arms exports for the period 1996-2004.

Appendix 3 tabulates the licences issued for transit of military goods to third countries.

Appendix 4 lists the denial notifications made by the Netherlands to its EU partners. These notifications form part of the EU Code of Conduct governing exports of military goods.

Appendix 5 tabulates disposals of surplus defence equipment made in 2004.

Appendix 6 to this report contains a table of arms embargoes that were in force in 2004.

2. Instruments and procedures of the arms export policy

Licences for the export of military goods are issued on the basis of the Import and Export Act. Companies or persons intending to export goods and technology appearing on the list of military goods pertaining to the Annex to the Strategic Goods Import and Export Order, apply to the Central Import and Export Service (*Centrale Dienst voor In- and Uitvoer, CDIU*) for an export licence. The CDIU forms part of the Tax and Customs Department of the Ministry of Finance and, with regard to arms export policy aspects, receives its

instructions from the Ministry of Economic Affairs. Applications for the export of military goods to NATO and EU member states and equated-status countries (Australia, Japan, New Zealand and Switzerland) are in principle dealt with exclusively by the Ministry of Economic Affairs. During the year under review exceptions to this rule applied for Bulgaria, Cyprus, Estonia, Greece¹, Latvia, Lithuania, Romania, Slovakia, Slovenia and Turkey. Applications for exports to these as well as all other countries are submitted to the Minister of Foreign Affairs for advice. The latter's advice plays an essential role in the decision-taking process on the issue of an export licence. If no objections are found to exist with regard to the intended export, the Ministry of Economic Affairs will issue an export licence.

In the case of applications for exports to developing countries appearing on Part 1 the OECD DAC² list, the Minister of Foreign Affairs will first consult with the Minister for Development Co-operation, and will then advise the Minister of Economic Affairs on the basis of that consultation.

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

3. Principles of the arms export policy

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

1. *Respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations.*

¹ For Greece, this exception applied until mid 2004.

² The OECD DAC list is a list of countries receiving international financial aid, drawn up by the Organisation for Economic Co-operation and Development (OECD). Part 1 of the list relates to developing countries.

2. *The respect of human rights in the country of final destination.*
3. *The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.*
4. *Preservation of regional peace, security and stability.*
5. *The national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.*
6. *The behaviour of the buyer country with regard to the international community, as regards in particular to its attitude to terrorism, the nature of its alliances and respect for international law.*
7. *The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.*
8. *The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.*

In June 1998 the member states of the European Union adopted the EU Code of conduct for arms exports, in which they agreed on a common interpretation of the criteria of the arms export policy. The Code also incorporates a mechanism for information exchange, notification and consultation in cases where one member state has an export licence under consideration for a destination for which a similar licence has previously been denied by another. The Code of Conduct sets minimum standards. The Code expressly acknowledges the right of member states nationally to apply a more restrictive arms export policy than required by the Code.³

In the year under review work began on a revision of the EU Code of Conduct. Details will be found in Section 8 on European Co-operation.

³ The text of the EU Code of Conduct is available on the EU website:
<http://ue.eu.int/pesc/ExportCTRL/nl/index.ht>

4. Information on the arms export policy

In accordance with a pledge made by the Minister of Foreign Affairs in the course of a debate in December 1997 on the Foreign Affairs budget, the Government in February 1998 submitted a policy paper on greater transparency in the reporting procedure on exports of military goods (Parliamentary Proceedings 22 054, No. 30). The present report on the year 2004 is the eighth non-confidential report which has been issued since then. It is based on the value of the licences issued by category of military goods and by country of final destination. In order to further enhance the transparency of the figures, the relevant goods categories are also specified by country of final destination. For the purpose of reflecting the overall trend with clarity, it has been decided to present both the consolidated figures for 2004 as a whole, and the figures for the first-half and the second-half of 2004 separately. Furthermore, information is also included on licence denials reported to the EU partners in the context of the EU Code of Conduct (see Appendix 3).

Besides this Government report on Netherlands exports of military goods in 2004, non-confidential information is also otherwise available on the arms export policy. For example, at www.exportcontrole.ez.nl the Central Import and Export Service publishes the "Strategic Goods Manual" (Handboek Strategische Goederen). This manual is intended for persons, companies and organisations with professional interests in procedures governing imports and exports of strategic goods. It provides users with information on the policy objectives and relevant legislative measures and procedures, besides containing a wealth of practical information. In this way the manual increases user awareness of this specific area of policy. The manual is regularly updated in the light of national and international developments in this area.

In addition, the above-mentioned website also presents a range of information on the export and transit of strategic goods, including the present annual report as well as key data on all licences issued for the export of military goods.

5. The Netherlands defence-related industry

With very few exceptions, the Netherlands defence-related industry consists above all of civil enterprises and research organisations with divisions specialising in military production. Although this sector is small in size, it is nevertheless characterised by high-tech production, ongoing innovation and highly skilled personnel. Within

the bounds of a responsible foreign and security policy, the Government's policy is aimed at retaining this technologically valuable capability for the Netherlands. To this end, Netherlands companies are involved in national military tenders, either directly or indirectly through offset orders. Because the Netherlands market is clearly too small to maintain the available expertise independently, the Netherlands defence-related industry is also encouraged to take part in international joint ventures and co-operation in the field of defence equipment. This has led to the establishment of commercial relations with above all Belgian, British, French, German and American enterprises, also involving joint commitments relating to systems maintenance and subsequent components delivery.

The establishment of the European Defence Agency (EDA) in July 2004 is relevant in this context. The EDA is to receive a central role in reinforcing European military capabilities, and its tasks will relate among other things to consolidation of the European defence technology and industry base and to liberalisation of the European defence equipment market.

Joint ventures also play an important role where supplies to third countries are concerned. Accordingly, the scope for Netherlands companies to enter into long-term international joint ventures and co-operation arrangements depends in part on the transparency and the consistency of the Netherlands arms export policy.

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

Information on the defence-related industry has been made available on a voluntary basis by the firms concerned, in the context of a study that was recently performed by Research voor Beleid Consultants on behalf of the Ministry of Economic Affairs. This study was submitted as information to Parliament in 2004⁴. It deals with production (civil/military), exports (as a share of total sales), manpower, etc. For a number of years around 245 SME firms in the Netherlands have in some way been engaged in military production. It should nevertheless be noted that military production is defined as production intended for domestic and foreign defence orders, and not as production of goods which are classified as military goods in accordance with the Strategic Goods Import and Export Order.

Military production accounts for an average total Netherlands turnover of € 1.7 billion on an annualised basis. This represents an average share of 4% of the total turnover of the companies and organisations concerned, most of which therefore perform mainly civil work. Of the total exports by these companies and organisations, about 45% or approximately € 770 million is classified as military exports. The development of advanced technology associated with military production enables these companies and organisations to accomplish product innovations and is in addition an important source of military spin-offs and civil spill-overs. Sectors in which the Netherlands defence-related industry operates include development and production in shipbuilding, aerospace technology, radar technology, as well as transport, infrastructure, and ICT. Military production accounts for about 11,000 jobs.

6. Transparency in armaments and the UN Register of Conventional Arms

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

⁴ Presented by letter from the State Secretary of Economic Affairs dated 16 July 2004, Parliamentary Proceedings 2003-2004, 26231 No.10.

The register provides information on an annual basis on the source country of military goods exports, the transit country if any, and the importing country, together with the size of the goods flows classified in the following categories: I. tanks, II. armoured combat vehicles, III. heavy artillery systems, IV. combat aircraft, V. combat helicopters, VI. warships, and VII. missiles and missile launch systems. In addition, there is a separate section for remarks, in which countries can give a more detailed description of the arms and comment on specific transfers. Furthermore, countries are urged to provide information on their own military stocks and on acquisitions resulting from their own manufacturing production.⁵

Since the evaluation of the Register in 2003, data on the import and export of small arms and light weapons can also be furnished to the United Nations on a voluntary basis as part of the annual notification to the UN. The Netherlands supplies this information.

Each year since 1991 the General Assembly has passed a resolution on transparency in armaments, together with a call to supply particulars to the register. It has become the custom that the Netherlands takes the initiative in proposing this resolution. Traditionally, the resolution can count on the support of a large majority of the UN member states. However, mindful of the sentiment within the UN that the number of resolutions should be limited, in 2004 the Netherlands proposed no resolution. From now on, the Netherlands will propose the resolution concerned on a cyclical basis, the cycle being dictated by the meetings of the Group of Government Experts of the Register of Conventional Arms: in 2005 the Netherlands is to put forward the resolution to convene the triennial evaluation of the Register by the Group of Government Experts and in 2006 the Netherlands will submit the resolution to adopt the recommendations of the Government Experts. In order to limit the number of resolutions, no resolution will subsequently be proposed in 2007.

Over the past decade, over 160 nations have participated in the register, including all the major arms-manufacturing, arms-importing and arms-exporting countries. The register is currently estimated to encompass over 95% of the world-wide trade in the above-mentioned seven categories of conventional arms. In recent years there has been a gradual increase in the number of participating countries from 99 to 122. Meanwhile the figure has stabilised, but the ambition remains to achieve universal participation. No marked development is discernible in the number of countries that

⁵ Information on the UN arms register is available on the United Nations disarmament website; <http://disarmament.un.org:8080/cab/register.html>, 'Register of Conventional Arms'

additionally provided information on their military stocks and on purchases from their own defence industry. In 2003 this total remained fairly constant relative to preceding years, amounting to one-third of all countries participating in the register.

The EU member states ensure that transparency in armaments and participation in the UN Register of Conventional Arms receive constant attention. For example, the Secretary General of the United Nations is notified on an annual basis of the European Union's position regarding transparency in armaments. Lastly, the data are also exchanged within the Organisation for Security and Co-operation in Europe (OSCE).

In order to further promote participation in the UN Register of Conventional Arms, the Netherlands has joined with Canada, Germany, Japan and the United Nations Department for Disarmament Affairs (UN-DDA) in an initiative to organise a number of (sub-)regional workshops on transparency in armaments. The organisation of such workshops was one of the recommendations of the Group of Government Experts which met in 2000. Following the previous workshops for Southern Africa, West Africa, the ASEAN region and the CARICOM region, in May 2004 a workshop was held in Nairobi for the signatory states to the Nairobi Protocol for the prevention, control, and reduction of small arms and light weapons in the Great Lakes Region and the Horn of Africa.

7. The Wassenaar Arrangement

On the multilateral level, developments surrounding arms exports are discussed in the framework of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (WA). In the year under review altogether 34 countries, including the United States, Russia and the EU member states⁶, ultimately participated in this forum, which owes its name to the town where, under the presidency of the Netherlands, the negotiations were conducted on the founding of the arrangement. These countries together account for over 90% of total exports of military goods.

⁶ In 2004 this applied to all 15 "old" EU member states; of the ten countries that acceded to the EU in 2004, the Czech Republic, Hungary, Poland and Slovakia had participated in the WA since its establishment in 1996; of the six other "new" member states Slovenia alone was admitted in 2004; agreement on Estonia, Latvia, Lithuania and Malta was only reached in April 2005. Cyprus is not yet a partner.

The goal of the WA (as stated in the Initial Elements⁷) is to contribute towards regional and international security and stability. This goal is pursued by means of regular information exchange relating to exports to third parties of arms and of goods that can be used for military purposes. The intention is to promote a greater sense of responsibility in national assessments of applications for licences for exports of such goods. Clearly, more information will enable participant countries to assess with greater accuracy whether the arms build-up of certain countries or regions exceeds their legitimate needs for defence equipment. If that is the case, this should result in participant countries becoming more cautious in their licence issuing policy towards such countries of final destination.

The Wassenaar Arrangement has a list of military goods which are deemed to be subject to export controls. In the Netherlands, this control list forms an integral part of the Strategic Goods Import and Export Order. Each revision of the WA list therefore automatically results in an amendment to the above-mentioned Import and Export Order.

Following the 'evaluation year' 2003, 2004 was characterised on the one hand by the increase in the number of countries party to the WA and on the other by implementation of the resolutions passed by the 2003 Plenary Meeting. A large number of those resolutions have been posted on the Wassenaar Arrangement website.

For the Netherlands, as President of the EU, the central issue was enlargement of the WA with the six new EU member states Estonia, Latvia, Lithuania, Malta, Slovenia and Cyprus. The Plenary Meeting of the WA admitted Slovenia to the WA in 2004, and decided to initiate a silence procedure with regard to the accession of Estonia, Latvia, Lithuania and Malta. For the present the accession of Cyprus is being blocked by Turkey.

8. EU co-operation

EU co-operation on arms exports is co-ordinated within COARM, the Working Group on Conventional Arms Exports. On behalf of the Netherlands, representatives of the Ministry of Foreign Affairs and the Ministry of Economic Affairs attend COARM meetings.

⁷ The initial Elements can be found on the website of the Wassenaar Arrangement: www.wassenaar.org

In COARM, within the framework of the EU Common Foreign and Security Policy (CFSP) the member states exchange information on their arms export policy and endeavour to improve the mutual co-ordination of these policies and the relevant procedures. The EU Code of Conduct referred to in Section 3 of this annual report forms the basis for this.

November 2004 saw publication of the sixth EU annual report drawn up by COARM, reviewing the subjects discussed within COARM in 2004.⁸ The report furthermore contains statistical information on arms exports and application of the Code of Conduct by the member states in 2003. Besides general data on exports by member states, the report also includes data classified by country of destination and by individual member state, the number of licence denials by individual member state and the total number of licence denials by the member states in respect of individual countries of final destination, in addition to the number of consultations undertaken by EU partners. The 2004 report also includes a brief description of the categories appearing in the EU common military list.

Since 1 January 2004 the User's Guide to the EU Code of Conduct on arms exports, which was agreed by the member states in 2003, has been applicable in full. The user guide provides practical guidelines regarding the information and consultation procedure on licence denials as laid down in the Code.

Likewise since January 2004, the central database of national denials, which is maintained by the EU Council Secretariat in Brussels, has become operational. The intention is that, prior to issuing licences, EU member states will consult this database to see whether similar cases have met with denials from other member states. If that is the case, consultation is required. If the prior denial is not followed, the reasons for doing so must be stated.

Further progress was made in 2004 in drafting guidelines for the application of criterion 8 relating to the compatibility of an export transaction with the technical and economic capacity of the recipient country. The Netherlands is in favour of similar action in respect of other criteria of the Code in order to promote arms export policy harmonisation among EU member states.

⁸ The annual report of COARM is available on the EU Council website:
http://ue.eu.int/cms3_fo/showPage.asp?id=408&lang=nl&mode=g

The above-mentioned instruments will lead to greater efficiency in national decision-making and to improved policy co-ordination among the member states. They will also contribute towards smooth integration of the Code of Conduct practice in the ten new EU member states that joined on 1 May 2004 and towards the effective and unequivocal application by those countries of the criteria laid down in the Code.

In 2004, the member states reported a total of 300 licence denials (2003: 360). The explanation for this downward trend would appear to be that the industry in the member states is becoming increasingly informed as to the practical consequences of application of the Code. If, as frequently happens in the Netherlands, potential exporters in member states decide in advance not to pursue orders which in all probability will not qualify for an export licence anyway, such cases will not result in licence denials and accordingly not in a notification. The Netherlands reported seven licence denials in 2004. In the context of the EU Code of Conduct it was recently decided that denied soundings ("sondages") are also to become subject to information exchange. In view of this, Netherlands sondage denials notified to the EU partners will be added to the summary of denial notifications included in the annual report on Netherlands arms export policy (see Appendix 4, denials NL/02/2004 to Israel and NL/07/2004 to Taiwan, which already related to sondage applications).

In the course of 2004, 151 bilateral inter-partner denial consultations took place (2003: 116). The Netherlands was involved in a total of 14 consultations: ten were initiated by the Netherlands and this country was consulted on four Netherlands denials. In the four cases where the Netherlands was consulted the consulting country decided to go ahead with the licence issue. On two occasions the Netherlands withdrew the denial in the light of changed circumstances in the country of final destination. In the two other cases the licence application was deemed to be not essentially identical to the Netherlands denial.

The Netherlands Presidency

Since 1998 the EU member states have reached agreement on a number of important matters such as brokerage, end-user declarations, the EU military list, harmonisation of the annual national and EU reports and the User's Guide to the EU Code of Conduct on arms exports. The Netherlands and other member states were of the opinion that the text of the Code of Conduct required revision in order to reflect these advances.

In the context of this revision of the Code, on 30 September 2004 the Netherlands Presidency organised a conference which was attended by representatives of EU member and candidate-member states, NGOs and the European Parliament. At this conference, recommendations were discussed for improvement of the EU Code of Conduct based on the NGO report "*Taking control: the case for a more effective European Union Code of Conduct on Arms Exports*". A constructive dialogue among the participating parties took place. Indeed, a substantial part of the recommendations already appeared in the modifications to the current text of the Code as proposed by the member states.

The revision of the EU Code of Conduct was virtually completed under the Netherlands Presidency. The new elements in the Code are:

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

Furthermore, early in 2004 it was decided on a Netherlands initiative to investigate the feasibility of specific supplementary provisions governing the export of military material to countries emerging from an embargo situation (known as the Toolbox). The crux of this proposal consists of a set of measures designed to increase transparency with regard to granted licences, and to more intensive consultation among member states.

In 2004 member states also reached agreement on a mechanism for co-ordinating outreach activities undertaken by themselves. These activities are intended to promote compliance with the principles and criteria of the Code of Conduct, in particular vis-à-vis the candidate-member states of the EU and other countries in the region. In that context, the Netherlands organised a working visit in first-half 2004 for government officials from Ukraine with responsibility for implementation of the arms export (control) policy.

The Netherlands Presidency in co-operation with the Czech government furthermore organised a two-day seminar for promoting application of the EU Code of Conduct by the EU member states vis-à-vis third countries. Participants were representatives of the candidate-member states (Romania, Bulgaria, Turkey, Croatia), Norway, and a number of EU member states (the Czech Republic, Slovakia, Italy, the Netherlands, Germany, Sweden), the Council Secretariat, local and international NGOs, and the rapporteur of the European Parliament for the fifth EU annual report (Raul Romeva Rueda).

In the course of the Netherlands Presidency the EU concluded an agreement with Norway on information exchange relating to denials. Norway is the first country with which the EU has concluded such an agreement. The agreement has been in operation since 18 November 2004.

9. Small arms and light weapons

In order to counter the risk of SALW proliferation to conflict regions, criminal organisations and terrorist groups, it is of great importance that the international understandings which have been reached within EU, OSCE and UN frameworks in order to combat illegal trafficking in SALW should be implemented.

UN Programme of Action on small arms and light weapons

The UN Action Programme of Action (UNPoA, 2001) requires states to pursue active policies at the national, regional and international level in the field of SALW, including: implementation of arms legislation; destruction of surplus stocks; co-operation among states in the marking and tracing of illegal weapons; support for activities in countries and regions possessing insufficient capability themselves to implement the measures as set out in the UNPoA. The Netherlands complies with the obligations arising from the UN Programme of Action, and besides the implementation of existing policy also focuses great attention on initiation of more far-reaching international understandings in among other things SALW brokering. The Netherlands and Norway have taken the lead with regard to brokering, and in 2004 they actively sought both to reach national and regional regulations and understandings and to create an international instrument to deal with brokering. In March 2004 the Netherlands presented a paper on brokering at an ECOWAS conference on SALW in Nigeria. In September 2004 the Netherlands also gave a presentation on brokering to the Human Security Network, in which a cross-regional group of fifteen

countries participate. In the first Committee of the 59th General Assembly of the United Nations, it was agreed in the SALW resolution to appoint a Panel of Government Experts to investigate progress and options in the brokering sphere. In June 2004 the first round of UN negotiations took place on an internationally binding instrument governing SALW marking and tracing. This resulted in the adoption of a politically binding instrument in June 2005.

OSCE

In November 2000 formal approval was given to the OSCE Document on Small Arms and Light Weapons, in which OSCE member states undertake inter alia to produce annual reports on the activities and commitments as referred to in the OSCE Document. In mid 2004, the Netherlands reported the total import and export figures as well as the quantity of SALW destroyed. In content, the document corresponds very largely with the EU Common Position on SALW brokering. Initiators of this document were the Netherlands, Norway and Germany.

EU and SALW

The EU Joint Action on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons (2002/589/CFSP) outlines Member States' activities in the field of SALW. For the purpose of carrying out the EU Joint Action, the member states fund projects out of the CFSP budget. In 2004 the Council approved funding for four projects (Albania, South East Europe, Cambodia and ECOWAS). The EU Member States report on an annual basis on their national activities in implementing the EU Joint Action. The national reports and the EU activities are combined in the Joint Annual Report.

Netherlands Project Support

A number of SALW projects received financial support from the Stability Fund. Approximately € 2.3 million was available for this purpose. In 2004, the Netherlands Government provided project support in for example Africa and South East Europe in the field of arms destruction, secure storage and the drafting of national action plans to control illegal trafficking in SALW.

10. Transit

On 27 April 2001 an amendment to the Import and Export Act came into force, creating the possibility for the classification and

assessment system of the arms export policy to be extended in certain cases to the transit of strategic goods. Until that date, controls on the transit of weapons had been based on the Arms and Munitions Act, which had its own implementing authorities and was primarily focused on controlling the presence of arms on Netherlands territory. The transfer of transit control to the Import and Export Act implies that the primary focus of that control is now on maintaining the international legal order. It also implies that implementation and supervision of its enforcement have been assigned to those authorities responsible for performing those same tasks for export control purposes.

As was explained while the amendment to the act was before Parliament, the new administrative power was subsequently formulated in the Strategic Goods Import and Export Order as a generic mandatory licence for cases where military goods in transit remain in the Netherlands for an extended period or where they undergo some processing operation in the course of transit. Excepted from such mandatory licensing are transit consignments which are subject to the effective export control of a friendly (partner) country or an ally or which are destined for one of these countries, i.e. EU member states, NATO allies, Switzerland, Australia, New Zealand and Japan.

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

Besides a mandatory licence, formulation of the new administrative power was accompanied by the introduction of a mandatory notification for transit consignments of certain types of arms. This mandatory notification is in conformity with an undertaking made at a General Consultative Meeting on arms export policy in 2003, which was extended as from 10 October 2004 to include all military goods appearing on the list pertaining to the Annex to the Strategic Goods Import and Export Order. This is intended primarily to gain improved insight into the position occupied by the Netherlands as a transit country, but also to generate more information in support of

decisions on whether or not to impose the above-mentioned mandatory notification.

Appendix 1: Tables showing the value of licences for exports of military goods issued in 2004 by category of goods and by country of final destination

Introduction

The total value of licences for exports of military goods issued in 2004 amounted to € 644.25 million. That is a considerable decrease relative to 2003 when the total value was € 1158.80 million, although that year represented an exceptional high when viewed against the multiannual trend. As in 2003, Greece heads the list of countries of final destination in terms of the value of licences issued in the year under review. The figure for 2004 once again includes the disposal of an S-class frigate by the Netherlands Navy, but the greater part of the licence value to Greece, in excess of € 161 million, nevertheless related to newly built deliveries. A number of licences to supply radar systems and command & control systems for the Greek navy represent a total combined value of € 128 million. Second place on the 2004 list is occupied by South Korea with almost € 115 million. Of this, some € 80 million relates to deliveries of medium to short range air defence systems for the South Korean navy. Third and fourth places are held by Germany with just over € 88 million, and the United States with just over € 75 million. In both cases, the vast majority of licences are for deliveries of components to major local systems manufacturers.

Exports of military goods accounted for 0.25% of total Netherlands goods exports in 2004 (€ 257.7 billion). For an international comparison of this percentage, it is important to take into consideration a number of specific aspects of Netherlands regulations in the field of military goods exports. In the Netherlands, it is not only exports of military goods manufactured by Netherlands industry that are subject to mandatory licensing. As a matter of course that also applies to exports arising from trade transactions conducted from the Netherlands. Perhaps less as a matter of course but still of importance to the Netherlands figures is the fact that the Government itself is also required to apply for licences to export military goods. Only the equipment of Netherlands military units accompanying those units on exercises or UN operations abroad is exempted from mandatory export licensing. Disposals of Netherlands defence equipment to third countries are therefore subject to mandatory licensing, and are included in the figures.

Methodology

The values reported below are based on the value of the licences for definitive export of military goods issued in the period under

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

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

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

2004 (first-half)

Table 1: Value of licences issued for the definitive export of military goods in first-half 2004
by category ¹

Main Category A, "Arms and Munitions"	2004 (I) € million
1. Tanks	-
2. Armoured vehicles	22.00
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	29.35
7. Guided missiles	0.23
8. Small-calibre weapons (≤ 12.7 mm)	0.05
9. Ammunition and explosives	3.38
10. Parts and components for "other military goods" ²	85.47
Total Cat. A	140.48
Main Category B, "Other military goods"	2004 (I) € million
1. Other military vehicles	-
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	103.48
5. ABC substances for military use	-
6. Military exercise equipment	1.81
7. Armour-plating and protective products	-
8. Military auxiliary and production equipment	0.29
9. Military technology and software	4.76
10. Parts and components for "Other military goods" ³	203.88
Total Cat. B	314.22
Total Cat. A + B	454.70

**Table 2: Value of licences issued for the definitive export
of military goods in first-half 2004**
by country of final destination

2004 (first-half) € million					
Country of final destination	CAT. A	Specification	CAT. B	Specification	TOTAL
Argentina	-		0.05	B10	0,05
Austria	1.11	A10	-	-	1.11
Bahrain	-		0.01	B10	0,01
Bangladesh	-		1.17	B10	1,17
Canada	1.74	A8,A10	1.05	B10	2.79
Chile	0.33	A9	-	-	0.33
Czech Republic	0.52	A8,A9,A10	-	-	0.52
Denmark	0.68	A8,A10	10.13	B4, B9, B10	10.81
Finland	0.59	A10	-	-	0.59
France	6.70	A8,A10	29.39	B4,B8,B9,B10	36.09
Germany	37.33	A2, A3, A7, A8, A9, A10	40.50	B9, B10	77.83
Greece	29.98	A6,A10	129.67	B4,B9,B10	159.65
Hungary	0.45	A10	-	-	0.45
India	-	-	0.15	B10	0.15
Indonesia	-	-	0.17	B10	0.17
Ireland	-	-	0.15	B10	0.15
Italy	7.98	A9,A10	12.95	B4,B10	20.93

Japan	-	-	0.03	B4	0.03
Malaysia	-	A8,A10	2.29	B10	2.29
Morocco	-	-	0.13	B10	0.13
Norway	0.06	A9,A10	0.27	B10	0.33
Poland	0.45	A8,A10	0.01	B4	0.46
Portugal	0.45	A10	0.40	B10	0.85
Qatar	-	-	0.23	B10	0.23
Singapore	-	-	0.04	B4,B10	0.04
Slovenia	0.06	A10	-	-	0.06
South Africa	-	A10	0.09	B4	0.09
South Korea	-	A10	73.56	B10	73.56
Spain	0.82	A8,A10	0.57	B10	1.39
Sweden	1.72	A10	0.47	B4,B6,B10	2.19
Switzerland	0.16	A8,A9,A10	1.83	B6,B10	1.99
Taiwan	3.83	A10	-	-	3.83
Thailand	-	-	0.59	B10	0.59
Turkey	0.40	A8,A9,A10	2.45	B9,B10	2.85
United Arab Emirates	-	-	0.43	B10	0.43
United Kingdom	5.41	A8,A9,A10	4.40	B4,B9,B10	9.81
United States	20.19	A8,A9,A10	1.01	B4,B9,B10	21.20
Miscellaneous NATO countries ⁴	19.53	A10	0.01	B10	19.54

Countries accounting for export values below €10,000:					
Aruba, Australia, New Zealand, Oman ⁵	-	-	0.01	B10	0.01
Total	140.48		314.22		454.70

Footnotes to tables 1 and 2, first-half 2004

¹ Rounding-off to two digits after the comma means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

² The sub-category A10 (parts and components for “Arms and munitions”) relates in this period largely to deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems (totalling approx. € 29 million) and deliveries of components for combat aircraft and combat helicopters to the manufacturers of such systems in the United States (totalling approx. € 15 million).

³ The sub-category B10, parts and components for “Other military goods”, relates largely to deliveries of parts for military electronics (radar and military C3 systems) to South Korea (value approx. € 72 million) and to Greece (approx. € 43 million), and deliveries of parts for “other military vehicles” to Germany (approx. € 30 million).

⁴ The item “miscellaneous NATO countries” relates to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Turkey) are licensed final destinations. In practice, this type of licence is used for the supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

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

2004 (second half)

Table 1: Value of licences issued for the definitive export of military goods in second-half 2004 by category ¹

Main Category A, “Arms and Munitions”	2004 (2) € million
1. Tanks	-
2. Armoured vehicles	-
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	-
8. Small-calibre weapons (≤ 12.7 mm)	0.14
9. Ammunition and explosives	1.30
10. Parts and components for “other military goods” ²	66.73
Total Cat. A	68,17
Main Category B, “Other military goods”	2004 (2) € million
1. Other military vehicles	-
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	61.77
5. ABC substances for military use	-
6. Military exercise equipment	2.92
7. Armour-plating and protective products	-
8. Military auxiliary and production equipment	0.06
9. Military technology and software	8.98
10. Parts and components for “Other military goods” ³	47.65
Total Cat. B	121.38
Total Cat. A + B	189.55

**Table 2: Value of licences issued for the definitive export
of military goods in second-half 2004**
by country of final destination

2004 (second-half) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Argentina	-	-	0.04	B10	0.04
Bahrain	-	-	1.00	B10	1.00
Canada	0.02	A10	-	-	0.02
Chile	0.22	A10	-	-	0.22
Denmark	0.14	A10	0.03	B10	0.17
Egypt	-	-	0.03	B10	0.03
Finland	0.16	A10	-	-	0.16
France	1.49	A8,A9,A10	18.86	B4,B9,B10	20.35
Germany	6.42	A3,A8, A9, A10	3.94	B9,B10	10.36
Greece	0.95	A10	0.84	B4,B9,B10	1.79
India	-	-	0.24	B10	0.24
Indonesia	-	-	1.05	B9,B10	1.05
Iraq	-	-	0.06	B8	0.06
Ireland	-		0.15	B10	0.15
Italy	0.27	A8,A10	0.07	B9,B10	0.34
Japan	-	-	5.52	B9,B10	5.52
Jordan	0.04	A10	-	-	0.04
Lithuania	0.06	A10	-	-	0.06
Malaysia	-	-	0.05	B10	0.05
Mexico	-	-	0.30	B4	0.30
Mongolia	0.03	A10	-	-	0.03
Philippines	-	-	0.34	B4	0.34

Poland	-	A8	0.01	B9	0.01
Portugal	0.15	A8,A10	-	-	0.15
Qatar	-	-	0.09	B10	0.09
Serbia & Montenegro	-	-	0.01	B6	0.01
Singapore	0.45	A10	0.40	B10	0.85
South Africa	-	-	5.55	B4	5.55
South Korea	0.01	A10	41.40	B4,B9,B10	41.41
Spain	0.63	A8,A10	0.48	B10	1.11
Sweden	1.71	A10	0.08	B10	1.79
Switzerland	0.17	A10	0.04	B10	0.21
Taiwan	2.01	A10	-	-	2.01
Thailand	-	-	0.07	B10	0.07
Turkey	0.31	A8,A10	0.34	B10	0.65
United Arab Emirates	-		0.01	B10	0.01
United Kingdom	7.37	A8,A9,A10	4.00	B4,B6,B10	11.37
United States	43.92	A8, A9, A10	10.23	B4,B9,B10	54.15
Venezuela	1.64	A10	25.98	B4,B10	27.62
Miscellaneous NATO countries ⁴	-	-	0.30	B9	0.30
Countries accounting for export values below €10,000:					
Austria, Bangladesh, Kenya, Romania ⁵	0,02	A10	-	-	0.02
Total	68.17		121.38		189.55

Footnotes to tables 1 and 2, second-half 2004

¹ Rounding-off to two digits after the comma means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

² The sub-category A10 (parts and components for “Arms and munitions”) in this period also relates largely to deliveries of components to German and Unites

States manufacturers of combat vehicles, aircraft and helicopters. Almost € 30 million is attributable to a single licence to supply parts for the JSF.

³ The sub-category B10, parts and components for “Other military goods”, relates largely to smaller-scale deliveries of parts for military electronics (radar and military C3 systems). Accounting for a value of approx. € 8.2 million, a delivery of radar equipment parts to South Korea represents the largest of those smaller-scale deliveries.

⁴ The item “miscellaneous NATO countries” relates to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Greece and Turkey) are licensed final destinations. In practice, this type of licence is used for the supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

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

2004 (total)

*Table 1: Value of licences issued for the definitive export of
military goods in 2004
by category ¹*

Main Category A, "Arms and Munitions"		2004 € million
1. Tanks		-
2. Armoured vehicles		22.00
3. Large-calibre weapons (>12.7 mm)		-
4. Combat aircraft		-
5. Combat helicopters		-
6. Warships		29.35
7. Guided missiles		0.23
8. Small-calibre weapons (≤ 12.7 mm)		0.19
9. Ammunition and explosives		4.68
10. Parts and components for "other military goods" ²		152.20
Main Category A, "Arms and Munitions"		208.65
Main Category B, "Other military goods"		2004 € million
1. Other military vehicles		-
2. Other military aircraft and helicopters		-
3. Other military vessels		-
4. Military electronics		165.25
5. ABC substances for military use		-
6. Military exercise equipment		4.73
7. Armour-plating and protective products		-
8. Military auxiliary and production equipment		0.35
9. Military technology and software		13.74
10. Parts and components for "Other military goods" ³		251.53
Total Cat. B		435.60
Total Cat. A + B		644.25

**Table 1: Value of licences issued for the definitive export
of military goods in 2004**
by country of final destination

2004 (total) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Argentina	-		0.09	B10	0.09
Austria	1.12	A10	-		1.12
Bahrain	-		1.02	B10	1.02
Bangladesh	-		1.17	B10	1.17
Canada	1.76	A8,A10	1.05	B10	2.81
Chile	0.55	A9,A10	-		0.55
Czech Republic	0.52	A8,A9,A10	-	-	0.52
Denmark	0.83	A8,	10.16	B4,B9,B10	10.99
Egypt	-		0.03	B10	0.03
Finland	0.75	A10	-	-	0.75
France	8.19	A8,A9,A10	48.25	B4,B8,B9, B10	56.44
Germany	43.75	A2,A3,A7, A8,A10	44.44	B9,B10	88.19
Greece	30.92	A6,A10	130.51	B4,B9,B10	161.43
Hungary	0.45	A10	-	-	0.45
India	-		0.39	B10	0.39
Indonesia	-		1.22	B9,B10	1.22
Iraq	-		0.06	B8	0.06
Ireland	-		0.15	B10	0.15
Italy	8.25	A8,A9,A10	13.02	B4,B9,B10	21.27
Japan	-		5.55	B4,B9,B10	5.55
Jordan	0.03	A10	-		0.03
Lithuania	0.06	A10	-		0.06
Malaysia	-	-	2.34	B10	2.34
Morocco	-		0.13	B10	0.13

Mexico	-		0.30	B4	0.30
Mongolia	0.03	A10	-	-	0.03
Norway	0.06	A9,A10	0.27	B10	0.33
Philippines	-		0.34	B4	0.34
Poland	0.46	A8,A10	0.02	B4,B9	0.48
Portugal	0.60	A8,A10	0.40	B10	1.00
Qatar	-		0.32	B10	0.32
Romania	0.01	A9	-	-	0.01
Serbia & Montenegro	-	-	0.01	B6	0.01
Singapore	0.45	A10	0.44	B4,B10	0.89
Slovenia	0.06	A10	-	-	0.06
Spain	1.45	A8,A10	1.05	B10	2.50
Taiwan	5.84	A10	-	-	5.84
Thailand	-		0.67	B10	0.67
Turkey	0.70	A8,A9,A10	2.80	B9,B10	3.50
Venezuela	1.64	A10	25.98	B10	27.62
United Arab Emirates	-	-	0.44	B10	0.44
United Kingdom	12.78	A8,A9,A10	8.40	B4,B6,B9, B10	21.18
United States	64.11	A8, A9, A10	11.24	B4,B9,B10	75.35
South Africa	-	A10	5.64	B4	5.64
South Korea	0.01	A10	114.96	B4,B9,B10	114.97
Sweden	3.43	A10	0.55	B4,B6,B10	3.98
Switzerland	0.32	A8,A9,A10	1.87	B6,B10	2.19
Miscellaneous NATO countries ³	19.53	A8,A9,A10	0.30	B9,B10	19.83
Countries accounting for export values below €10,000:					
Aruba, Australia, New Zealand, Oman ⁴	-	-	0.01	B10	0.01
Total	208.65		435,60		644.25

Footnotes to tables 1 and 2, second-half 2004

¹ Rounding-off to two digits after the comma means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

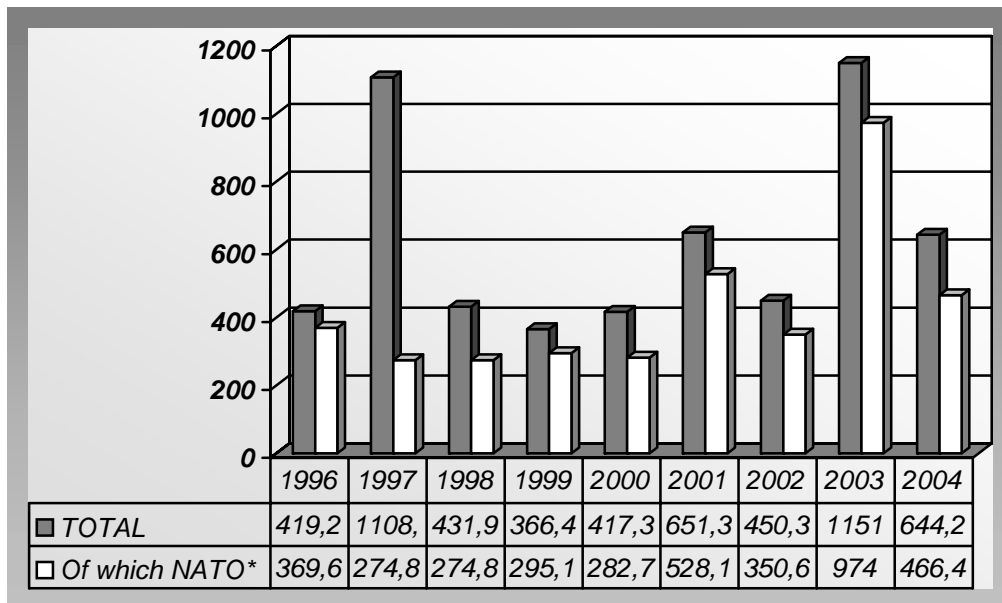
² For an explanation of the principal supplies in the categories A10 and B10 that took place in the year under review, reference is made to the footnotes to tables 1 and 2, first-half and second-half 2004.

³ The item "miscellaneous NATO countries" relates to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Greece and Turkey) are licensed final destinations. In practice, this type of licence is used for the supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence.

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

Appendix 2: Trend in Netherlands arms export 1996 – 2004

(value of licences issued, in € million)



* in 2004 the following countries were members of NATO:
 Belgium, *Bulgaria*, Canada, the Czech Republic, Denmark, France,
 Germany, Greece, Hungary, Iceland, Italy, *Latvia*, *Lithuania*,
 Luxembourg, the Netherlands, Norway, Poland, Portugal, *Romania*,
Slovenia, *Slovakia*, Spain, Turkey, the United Kingdom and the United
 States of America. The countries shown in italics joined on 29 March
 2004.

**Appendix 3: Value of licences issued for the transit
of military goods in 2004¹
by country of final destination**

2004 <i>€ million</i>					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
ANDORRA	0.05	A10	-		0.05
BULGARIA	0.03	A10	-		0.03
KAZAKHSTAN	0.05	A10	-		0.05
CROATIA	0.03	A10	-		0.03
NORWAY	0.50	A 10	-		0.50
QATAR	0.10	A10	-		0.10
ROMANIA	0.10	A10	-		0.10
RUSSIA	0.50	A10	-		0.50
SLOVENIA	0.06	A10	-		0.06
SOUTH AFRICA	0.03	A10	-		0.03
TURKEY	0.03	A10	-		0.03
UNITED STATES OF AMERICA	0.58	A10	-		0.58
SWITZERLAND	0.20	A10	-		0.20
Total	2.26		-		2.26

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

Appendix 4: Denial notifications made in 2004 in conformity with the EU Code of Conduct

Date	Number	Country of final destination	Brief description	Recipient	End user	Reason for denial
22-09-2004 ¹	NL 01/2004	Indonesia	Parts for military transport aircraft, Hercules C130	Tentara Nasional Indonesia Angkatan Udara	Air Force	Criterion 3
22-09-2004	NL 02/2004	Israel	2 nd generation image intensifier tubes	Israeli Defense Force	Israeli Defense Force	Criteria 2, 3, 4, & 7
22-09-2004	NL 03/2004	Israel	2 nd generation image intensifier tubes	Ortek	Unknown	Criteria 2, 3, & 7
29-12-2004	NL 04/2004	Uganda	2e generation image intensifier tubes	New Noga Light, Ramla, Israel	Uganda Police Headquarters, Kampala	Criteria 2, 3, 4, & 7
29-12-2004	NL 05/2004	India	Passive night vision sight with weapon adapters	National Security Guard H.Q. New Delhi	Unknown	Criteria 3, 4, & 7
29-12-2004	NL 06/2004	China	2e generation image intensifier tubes	Huguang Opto-Electronic Instrument Factory, Jiansu	Chinese Police	Criterion 2
29-12-2004	NL 07/2004	Taiwan	Sonar cables for detecting underwater objects	Chinese Naval Logistics Command, Tso-Ying	Taiwanese Marine	Criteria 1 & 4

Footnotes to Appendix 4:

¹ This denial was withdrawn on 12-05-2005. Further information revealed that the aircraft parts concerned were not specifically designed for military use but were equipment that is also commonly used in civil aircraft. Because the Dual Use Regulation even includes a specific exemption for the equipment concerned, it subsequently emerged that no export licence had been required in the first place.

**Appendix 5: Table showing Government disposals of surplus
defence equipment in 2004**

Armed force	Type of equipment	To/via ²	Country of final destination	End user
Army	105 mm ammunition		Belgium	Belgian Ministry of Defence
Army	Kuka turrets	German firm	Chile	Chilean Ministry of Defence
Army	105 mm ammunition	Chilean firm	Chile	Chilean Ministry of Defence
Army	Leopard 2 A4 and M 113 spare parts	Spanish firm	Spain	Spanish Ministry of Defence
Army	Leopard 2 A4 spare parts		Austria	Austrian Army
Army	120 mm gun barrel, Leopard 2		Denmark	Danish Army
Army	Kuka turret parts	Swiss firm	Chile	Chilean Ministry of Defence
Army	Cartridges			German firm
Navy	Orion aircraft		Germany	German Ministry of Defence
Air Force	IFF transmission equipment	United States firm	United States	United States firm
Navy	L-class and M-class frigates		Chile	Chilean Ministry of Defence
Army	Leopard 2 spare parts	Spanish firm	Spain	Spanish Ministry of Defence
Air Force	HAWK PIP III air defence system		Romania	Romanian Ministry of Defence
Army	120 mm mortar		Belgium	Belgian Ministry of Defence
Army	YPR vehicles		Egypt	Egyptian Ministry of Defence
Army	Leopard 1 spare parts	Chilean firm	Chile	Chilean Ministry of Defence
Total contract value				€626,864,455

Footnotes to Appendix 5

¹ The amount reported is based on the value of the contracts as signed in 2004. Not all deliveries of the goods actually took place in 2004.

² Sale of surplus defence equipment occasionally takes place via a private firm on behalf of an end user already known at the time of sale, or to a private firm for own use or for resale by that firm to an as yet unknown end user or users. See also footnote 3.

³ Sale to private buyers takes place only to firms domiciled in the Netherlands or

in countries with an effective arms export policy (NATO and EU member states, and Australia, Japan, New Zealand and Switzerland). If these firms are domiciled elsewhere and if they should wish to re-export the goods concerned, they must apply in advance for permission from the Netherlands State Property Department (*Dienst der Domeinen*). Furthermore they will be required to apply for an export licence in their country of domicile.

Appendix 6: Table showing arms embargoes in force in 2004 ¹

The table below summarises the international arms embargoes that were in force in 2004. It also states the organisations ordering these embargoes and the resolution under which they were imposed.

COUNTRY	TYPE OF EMBARGO	DURATION OF EMBARGO	RESOLUTION PASSED
Afghanistan	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 1333 (2000)
Armenia	UN embargo (non-binding)	Applicable throughout the year under review	UN Security Council Resolution 853 (1993)
	OSCE embargo on arms and ammunition for warring factions in Nagorno-Karabakh	Applicable throughout the year under review	Decree of the Senior Committee (predecessor of Permanent Council), 28 February 1992
Azerbaijan	UN embargo (non-binding)	As from 29 July 1993	UN Security Council Resolution 853 (1993)
	OSCE embargo on arms and ammunition for warring factions in Nagorno-Karabakh	Applicable throughout the year under review	Decree of the Senior Committee, 28 February 1992
Bosnia-Herzegovina	EU embargo (exempting de-mining equipment)	Applicable throughout the year under review	Common Position 1996/184/CFSP
	Exemption for SALW deliveries to the Bosnia-Herzegovina police	Applicable throughout the year under review	Common Position 1999/481/CFSP
Burma	EU embargo	Applicable throughout the year under review	Declaration of the EU General Council, 29 July 1991
	Exemption for non-lethal military goods for humanitarian purposes or intended for protection	Applicable throughout the year under review	Common Position 2003/297/CFSP
	Implementation of Paragraph 2	Applicable throughout the year under review	Common Position 2003/461/CFSP
	12-month extension of measures vis-à-vis Burma	As from 30 April 2004	Common Position 2004/423/CFSP
Democratic Republic of Congo	UN embargo (for groups and militias operating in North and	Applicable throughout the year under review	UN Security Council Resolution 1493 (2003)

	South Kivu and in Ituri and groups not party to the Global and All-inclusive agreement. Exemptions for supplies to MONUC or for non-lethal military goods for humanitarian purposes or intended for personal protection		
	EU embargo	Applicable throughout the year under review	Declaration 33/93 of the Council, 7 April 1993
	Exemption for: - equipment for UN personnel - non-lethal military goods for humanitarian purposes or intended for personal protection - de-mining equipment	Applicable throughout the year under review	Common Position 2002/829/CFSP
	Confirmation that embargo also covers technical advice, military and financial assistance, and training.	Applicable throughout the year under review	Common Position 2003/680/CFSP
China (except Hong Kong and Macao)	EU embargo	Applicable throughout the year under review	Declaration of the General Council van 27 June 1989
Iraq	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 661 (1990)
	Exemption for arms sales to occupying powers	Applicable throughout the year under review	UN Security Council Resolution 1483 (2003)

	Exemption for military equipment for the Iraqi government or the multinational force as raised under UN-SC resolution 1511 (2003) to serve the objectives of UN-SC Resolution 1546 (2004)	As from 8 June 2004	UN Security Council Resolution 1546 (2004)
	EU embargo	Applicable throughout the year under review	Declaration 56/90 of the Council, 4 Augustus 1990
	Exemption for military equipment for occupying powers	As from 7 July 2003	Common Position 2003/495/CFSP
	Exemption for military equipment for the Iraqi government or the multinational force as raised under UN-SC resolution 1511 (2003) to serve the objectives of UN-SC resolution 1546 (2004)	As from 19 July 2004	Common Position 2004/553/CFSP
Ivory Coast	UN embargo	Applicable as from 15 November 2004 for a period of 13 months	UN Security Council Resolution 1572 (2004)
	EU embargo	As from 13 December 2004.	Common Position 2004/852/CFSP
Liberia	UN embargo	Applicable throughout the year under review verslagjaar	UN Security Council Resolution 1343 (2001)
	12-month extension of measures specified in paragraphs 5-7 of Resolution 1343 (2001)	As from 6 May 2003	UN Security Council Resolution 1478 (2003)
	Multinational force exempted from paragraphs 5a and 5b of Resolution 1343 (2001)	As from 1 Augustus 2003	UN Security Council Resolution 1497 (2003)

	Support for UNMIL exempted from paragraphs 5a and 5b van Resolution 1343 (2001)	As from 19 September 2003	UN Security Council Resolution 1509 (2003)
	Exemption for: goods for an international training and reform programme for the army and police	As from 22 December 2003	UN-SC Resolution 1521(2003)
	EU embargo	Applicable throughout the year under review verslagjaar	Common Position 2001/357/CFSP
	Extension of 2001/357/CFSP to 7 May 2004	As from 19 May 2003	Common Position 2003/365/CFSP
	Exemption for military goods for multinational force	As from 22 September 2003	Common Position 2003/666/CFSP
	Exemption for: - goods for an international training and reform programme for the army and police - non-lethal military goods for humanitarian purposes or intended for protection	As from 10 February 2004	Common Position 2004/137/CFSP
Libya	EU embargo	Applicable until 14 October 2004	Declaration by Foreign Ministers dated 14 April 1986 reconfirming declaration dated 27 January 1986
	Confirmation of Member State measures announced on 27 January and 14 April 1986	Applicable until 14 October 2004	Common Position 1999/261/CFSP
	Lifting of restrictive measures vis-à-vis Libya	As from 14 October 2004	Common Position 2004/689/CFSP

Rwanda	UN embargo	Applicable throughout the year under review verslagjaar	UN Security Council Resolution 918 (1994)
	Resolution 918 also applicable to sale of arms to persons in neighbouring counties if such arms are intended for use in Rwanda	Applicable throughout the year under review vergaderjaar	UN Security Council Resolution 997 (1995)
	Exemption for supplies to the Rwandan government via specific import channels	Applicable throughout the year under review	UN Security Council Resolution 1011 (1995)
Sierra Leone	UN embargo (on supplies to non-government troops)	Applicable throughout the year under review	UN Security Council Resolution 1171 (1998)
	Resolution 1171 (1998) not applicable to military goods for partners co-operating with UNASMIL and the Sierra Leone government	Applicable throughout the year under review	UN Security Council Resolution 1299 (2000)
	EU embargo (exempting supplies to the Sierra Leone government, ECOMOG and the UN)	Applicable throughout the year under review	Common Position 1998/409/CFSP
Sudan	EU embargo	Applicable throughout the year under review	Common Position 1994/165/CFSP
	Exempting non-lethal equipment for humanitarian purposes and landmine clearance	As from 9 January 2004	Common Position 2004/31/CFSP

	Exempting non-lethal equipment intended for instituting constructive programmes and crisis management operations of the UN, the EU and the African Union	As from 10 June 2004	Common Position 2004/510/CFSP
Somalia	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 733 (1992)
	Exemptions to Resolution 733 (1992) for protective equipment for humanitarian purposes	Applicable throughout the year under review	UN Security Council Resolution 1356 (2001)
	Confirmation that embargo also covers technical advice, military and financial assistance, and training.	Applicable throughout the year under review	UN Security Council Resolution 1425 (2002)
	EU embargo	Applicable throughout the year under review	Common Position 2002/960/CFSP
Zimbabwe	EU embargo	Applicable throughout the year under review	Common Position 2002/145/CFSP
	Extension of 2002/145/CFSP to 20 February 2004	As from 18 February 2003	Common Position 2003/115/CFSP
	12-month extension of measures vis-à-vis Zimbabwe	As from 19 February 2004	Common Position 2004/161/CFSP

¹ For latest information on sanction and embargoes you may visit www.exportcontrole.ez.nl and navigate to tables which are maintained by the European Commission. You can also access the texts of the various resolutions via these tables.