



**Ministry of Economic Affairs**



# **Annual report on The Netherlands arms export policy 2005**

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## Annual Report

### The Netherlands arms export policy in 2005

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## 1. Introduction

The present report on the Netherlands arms export policy in 2005 is the ninth 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
- a description of developments relating to transparency
- an outline of the Netherlands defence-related industry
- a description of developments within the EU relevant to the arms export policy
- an outline of the role and significance of the Wassenaar Arrangement
- and a description of efforts in the field of arms control with specific reference to the problem of small arms and light weapons.

**Appendix 1** to the report states the values of licences for exports of goods issued in 2005 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 2005 separately as well.

**Appendix 2** shows the trend in Netherlands arms exports for the period 1996-2005.

**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 2005.

## 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, Romania and Turkey<sup>1</sup>. 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

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<sup>1</sup> Until mid 2005, this exception also applied for Estonia, Malta, Latvia, Lithuania, Slovenia and Slovakia.

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 DAC<sup>2</sup> 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.

An amendment to the Import and Export Act in 2001 created 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 across Netherlands territory. By means of a subsequent amendment to the Strategic Goods Import and Export Order, three distinct forms of transit control were then introduced.

First, 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. Exempted 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.

Secondly, a means to impose an ad hoc mandatory licence for consignments of military goods not covered by the generic mandatory licence. This form 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.

Thirdly, a mandatory notification for transit consignments of 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 ad hoc mandatory licence.

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<sup>2</sup> 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.

### 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.*
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.<sup>3</sup>

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

Bosnia-Herzegovina, Canada, Croatia, the Former Yugoslav Republic of Macedonia, Iceland and Norway have officially endorsed the criteria and principles of the EU Code of Conduct. Furthermore, Norway exchanges information with the EU relating to licence denials.

During the year under review, work continued on revising the EU Code of Conduct. Details will be found in Section 6, European Co-operation.

#### **4. Transparency in 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 2005 is the ninth 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, in the tables providing the value by country of final destination the relevant goods categories are also specified. For the purpose of reflecting the overall trend with clarity, it has been decided to present both the consolidated figures for 2005 as a whole, and the figures for the first-half and the second-half of 2005 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 4).

Besides this Government report on Netherlands exports of military goods in 2005, non-confidential information is also otherwise available on the arms export policy. For example, at [www.exportcontrole.ez.nl](http://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. In the course of a general consultative meeting with the standing committees for Economic Affairs and for Foreign Affairs which took place on 10 March 2005, the State Secretary of Economic Affairs pledged that key data on the transit of military goods across Netherlands territory would in future also be reported. As has been done for the past few years, the data on transit licences issued are included in the present Annual Report (Appendix 3). Practice has shown that the numbers concerned are limited, and therefore the relevant data can still be presented in easy to read tabular form. For publication of the data on transit notifications, which has been mandatory for all military goods since October 2004, in view of the mass of information required it has been decided to post

comprehensive monthly summaries on the above-mentioned website. This is therefore the same reporting format as is used in order to lend transparency to individual data on all licences issued for the export of military goods as well as licences for the export of dual-use 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 performed some time ago by Research voor Beleid Consultants on behalf of the Ministry of Economic Affairs. This study was submitted as information to Parliament in 2004<sup>4</sup>. 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.

Concern voiced in Parliament to the effect that the strict Netherlands export control policy may tend to disadvantage the Netherlands industry by comparison with European competition, resulted in a contract to EIM research consultants to analyse the economic impact of the policy. To that end, during the spring of 2005 in-depth interviews were held with representatives of 25 exporting firms in the defence-related industry and sectors confronted with export controls on dual-use goods. Augmented with information received from ministries and services involved with policy, implementation and enforcement in these areas, those interviews resulted in a report from which one of the conclusions to emerge was that the Netherlands trade and industry community itself at any rate passed no definite judgement on the matter. Some firms stated that the Netherlands was stricter and that there were indeed instances where European competitors were able to gain an order as a result, but other firms stated that, equally, there were cases where other EU member states took a stricter line. There was nevertheless broad agreement that the Netherlands policy on export controls could not be considered as the main cause of the loss of certain firms. In such cases, acquisitions and a shrinking market played a more important role. The EIM report “Zicht op de economische effecten van het Nederlandse exportbeleid” (Economic impact of the Netherlands export policy, published in Dutch) was presented to Parliament by the State Secretary of Economic Affairs in July 2005.<sup>5</sup>

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

<sup>5</sup> Letter dated 4 July 2005 (Parliamentary Proceedings 2004-2005, 22 054, No. 95). The text of the report is also available on [www.exportcontrole.ez.nl](http://www.exportcontrole.ez.nl).



## 6. 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.

In COARM, within the framework of the EU Common Foreign and Security Policy (CFSP) the member states and the acceding states Bulgaria and Romania exchange information on their arms export policy and endeavour to improve 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.

An important item on the COARM agenda in 2005 was revision of the Code of Conduct. Consultation on the revision was completed at the technical level. As stated in the preceding Annual Report on arms export policy, 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.

In 2005, agreement in principle was reached on transforming the Code (politically binding) into a Common Position (legally binding). The revision will be submitted to the Council for adoption at a suitable moment.

Within COARM, further progress was also achieved in 2005 with regard to the drafting of best practices for application of the various individual criteria of the Code of Conduct for inclusion in the User's Guide to the operation of the Code. The operative provisions to criterion 8 (concerning the compatibility of the export transaction with the technical and economic capacity of the recipient country) was completed, after which criterion 2 (human rights) and criterion 7 (risk of diversion) were taken in hand. Common interpretation of the individual criteria of the EU Code of Conduct promotes harmonisation of the arms export policy of the EU member states and contributes towards integration of the Code system in new member states.

December 2005 saw publication of the seventh EU annual report drawn up by COARM<sup>6</sup>, reviewing the subjects discussed within COARM in 2005. The report contains detailed statistical information on exports of military equipment (see Table A of the annex to the COARM report for the format used). The report includes export

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<sup>6</sup> Official Journal of the European Communities, C328, 23 December 2005.

data classified by member state and by country of final destination, in addition to stating numbers of licences issued as well as the value of the licences issued. A number of member states also report the value of exports actually realised. Furthermore, where possible the data are classified by category of the EU military list. Lastly, the report also includes the aggregated numbers of licence denials and the relevant criteria applied, in addition to the number of consultations undertaken by EU partners. The Netherlands also supplies the above-mentioned data as shown in the annex to the report; the EU Annual Reports are available on the Council of Europe's website: [www.consilium.europa.eu](http://www.consilium.europa.eu) <sup>7</sup>.

The User's Guide also provides practical guidelines regarding the information and consultation procedure on licence denials. Also, the central database of national denials, which is maintained by the EU Council Secretariat in Brussels, has been operational since January 2004. 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.

In 2005, the member states reported a total of 361 licence denials (in 2003: 360, and in 2004: 300). The Netherlands reported 15 licence denials in 2005. In the course of 2005, 133 formal bilateral inter-partner denial consultations took place. By comparison, in 2003 that figure was 116 and in 2004 it was 151. The Netherlands was involved in a total of nine consultations: seven were initiated by the Netherlands and this country was consulted on two Netherlands denials. One consultation directed to the Netherlands related to a denial withdrawn by this country. The second consultation directed at/to the Netherlands concerned two transactions with a combined value below € 10.000, for which the Netherlands had issued denials in view of the (potential) end-users. It remains unknown whether this second consultation led to an undercut by the partner country. It may nevertheless be stated that the consultation details reveal no reason to assume that the restrictive export policy of the Netherlands leads to any significant disadvantage to the national trade and industry community.

## **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 39 countries, including the United States, Russia and the EU member states<sup>8</sup>, 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.

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<sup>7</sup> The texts of the annual reports on the Code of Conduct are available on the website of the European Union, page: [http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=408&lang=nl&mode=q](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=408&lang=nl&mode=q)

<sup>8</sup> In 2005 this applied to all 15 "old" EU member states. Of the ten "new" countries, 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 was admitted in 2004. Agreement on Estonia, Latvia, Lithuania and Malta was reached in April 2005. Cyprus is not yet a partner on account of objections by Turkey.

The goal of the WA (as stated in the Initial Elements<sup>9</sup> 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.

In addition to a list of (conventional) dual-use goods that is applicable to the Netherlands via the EU Dual-use Regulation, 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 that Import and Export Order.

Following active preparation at the WA working group level in 2005, for example with a view to reaching agreement on best practices in respect of controls on the intangible transfer of militarily relevant technology and controls on brokering, in the course of the Plenary Meeting it emerged that Russia in particular wished to couple the above-mentioned proposals, which were virtually ripe for decision-taking, to certain proposals of its own which were in a less advanced stage. As a result, the “dividend” remained limited. Nevertheless, agreement was reached on welcoming South Africa as the 40th partner to the WA, a series of amendments to the list of goods subject to controls was approved by the Plenary Meeting, including a number of goods on which control is considered to be of particular importance in the interest of counter-terrorism, and some progress was made for example in defining additional common requirements on declarations concerning the end use of militarily relevant goods. Further information on the principles and goals of the WA, as well as current developments, can be found at [www.wassenaar.org](http://www.wassenaar.org).

## **8. Arms control**

The area of arms control features various topics relevant to arms export policy. These include activities relating to small arms and light weapons, the international arms trade treaty and the UN Register of Conventional Arms.

### **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.

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<sup>9</sup> The initial Elements can be found on the website of the Wassenaar Arrangement: [www.wassenaar.org](http://www.wassenaar.org)

### The UN Programme of Action on SALW

The 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 2005 they actively sought both to reach national and regional regulations and understandings designed to create an international instrument to deal with brokering. For instance, the Netherlands provided financial and material support to an initiative undertaken by the Cambodian Government aimed at improving the visibility of the SALW problem in South-East Asia. For this purpose a meeting in the framework of the Asian Regional Forum was held at Phnom Penh in November. On that occasion the South-East Asian countries agreed among other things to strengthen their co-operation in this field.

Another priority for the Netherlands in 2005 was the theme of SALW and development issues. The Netherlands stresses the link between the two in order to ensure that understandings reached under the UNPoA can also be implemented in developing countries. On a Netherlands initiative, the UN General Assembly passed UN resolution 60/68, calling among other things for national action plans for implementing the UN Programme of Action to be integrated with poverty abatement strategies.

Lastly, June 2005 saw agreement reached within the UN on a politically binding instrument on the marking and tracing of SALW.

### OSCE

In November 2000 the OSCE Document on Small Arms and Light Weapons was formally adopted. In this document, OSCE member states undertake inter alia to produce annual reports on the activities and commitments as referred to in the OSCE Document. In mid 2005, the Netherlands reported the total import and export figures as well as the quantity of SALW destroyed.

### EU and SALW

In December 2005 the EU Strategy on SALW was adopted. The Strategy presents a coherent and complete outline of the resources and instruments available to the EU in the fight against the proliferation of SALW. The Strategy creates a uniform framework for existing EU policy in this area.

In 2005 the Council approved funding for four projects (Cambodia, ECOWAS, Indonesia, Ukraine), and furnished contributions to six other activities (involving Croatia, ICRC, Saferworld, UNDP, UNICEF). The EU Member States report annually on their national activities on implementation of 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 € 2.6 million was available for this purpose. In 2005, the Netherlands Government provided project support in for example Africa, Afghanistan 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.

#### **International Arms Trade Treaty**

In 2003 an international campaign was initiated by NGOs calling for improved regulation of and controls on international arms exports, with the objective of setting up an international Arms Trade Treaty (ATT). The ATT would be required to impose restrictive rules on the export of (conventional) arms to countries where there is a risk that they may be used for gross violations of human rights and international humanitarian law. The Netherlands is an advocate of international (legally) binding understandings on arms exports, including assessment of those exports against defined minimum norms.

In 2005, the Netherlands was an active participant in various preparatory discussions among interested countries and NGOs. Although the realisation of an ATT may be a long-term matter, it is true to say that international support for the initiative grew substantially in 2005. An important step forward was the Council Declaration of October 2005, in which the EU voiced its advocacy of the setting-up of an ATT within the framework of the United Nations.

#### **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.

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.<sup>10</sup>

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. Mindful of the sentiment within the UN that the number of resolutions should be limited, the Netherlands has adjusted the proposal frequency. In 2005 the Netherlands put forward the resolution to convene the Group of Government Experts. The Netherlands intent for this group is to further widen the scope of the register.

Over the past decade, more than 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 at around 115 notifications yearly, but the ambition remains to achieve universal participation. No marked development is discernible in the number of countries that additionally provided information on their military stocks and on purchases from their own defence industry. In 2004 this total remained fairly constant relative to preceding years.

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 together with United Nations Department for Disarmament Affairs (UN-DDA) continues 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 Horn of Africa, the ASEAN region and the CARICOM region, in May 2005 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 and the SADC region.

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<sup>10</sup> 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'

## **Appendix 1: Tables showing the value of licences for the definitive export of military goods issued in 2005 by category of goods and by country of final destination**

### **Introduction**

The total value, rounded-off to two decimal places, of issued licences issued in 2005 amounted to € 1,175.33 million. That is a considerable increase relative to 2004 when the total value was € 644.25 million, but it compares well with 2003 when the total value amounted to € 1,150.80 million. Of the total value in 2005, more than half was attributable to sales of surplus equipment of the Netherlands armed forces. The disposal of the Orion aircraft to Germany and Portugal, L- and M-class frigates to Chile, and YPR armoured vehicles to Egypt – most of the contracts for which had been concluded in 2004 – represented a combined export licence value in 2005 of € 610 million. These four countries accordingly appear among the top five on the list of countries of final destination: 1. Germany (€ 383.89 million), 2. Chile (€ 295.62 million), 3. US (€ 92.71 million), 4. Portugal (€ 81.34 million), and 5. Egypt (€ 81.34 million). In the case of licences for the export of industrially manufactured goods, as usual the emphasis lay on the supply of radar equipment parts and the sub-supply of components notably to German and American systems manufacturers.

Exports of military goods accounted for 0.42% of total Netherlands goods exports in 2005 (€ 281.5 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. As indicated above, 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 frequently 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.



## 2005 (first-half)

**Table 1: Value of licences issued for the definitive export of military goods in first-half 2005**  
*by category*<sup>1</sup>

Main category A, "Arms & Munitions"	2005 (1) value € million
1. Tanks	-
2. Armoured vehicles	36.00
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	27.50
8. Small-calibre weapons (≤12.7 mm)	0.25
9. Munitions and explosives	6.74
10. Parts and components for "Arms and Munitions" <sup>2</sup>	114.59
<b>Total Cat. A</b>	<b>185.08</b>

Main category B, "Other military goods"	2005 (1) value € million
1. Other military equipment	0.05
2. Other military aircraft and helicopters	352.01
3. Other military vessels	-
4. Military electronics	46.52
5. ABC substances for military use	-
6. Military exercise equipment	0.36
7. Armour-plating and protective products	-
8. Military auxiliary and production equipment	6.25
9. Military technology and software	1.20
10. Parts and components for "Other military goods" <sup>3</sup>	65.59
<b>Total Cat. B</b>	<b>471.98</b>
<b>Total Cat. A + B</b>	<b>657.06</b>

**Table 2: Value of licences issued for the definitive  
export of military goods in first-half 2005  
by country of final destination**

<b>2005 (first-half)</b> € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>TOTAL</b>
Argentina	-		0.06	B10	0.06
Australia		A10	0.06	B9	0.10
Austria	0.01	A8, A9,A10	0.18	B8	0.19
Bulgaria	-		0.03	B4	0.03
Canada	4.27	A8,A10	0.39	B9,B10	4.66
China	-		0.02	B4	0.02
Denmark	1.11	A8,A10	-		1.11
Egypt	40.00	A2,A7	-		40.00
Finland	0.36	A10	0.02	B10	0.38
France	1.92	A8,A9, A10	16.03	B8,B9,B10	17.95
Germany	26.92	A8,A9,A10	285.71	B2, B6, B9,B10	312.63
Greece	0.06	A9,A10	1.30	B10	1.36
India	-		4.90	B9,B10	4.90
Indonesia	-		13.46	B8,B10	13.46
Italy	6.64	A9,A10	24.28	B4,B10	30.92
Japan	0.65	A10	-		0.65
Macedonia	-		0.28	B4	0.28
Malaysia	-		0.66	B4	0.66

Morocco	-		0.08	B10	0.08
Norway	4.04	A8,A10	0.90	B10	4.94
Portugal	-		81.34	B2,B10	81.34
Qatar	-		0.46	B10	0.46
Romania	23.51	A7,A10	-		23.51
Singapore	0.10	A9,A10	-		0.10
South Korea	1.39	A9, A10	3.40	B4,B9B10	4.79
Spain	1.28	A8,A10	4.54	B4,B10	5.82
Surinam	-		0.04	B1	0.04
Sweden	1.50	A8,A9,A10	1.36	B4,B6,B9,B10	2.86
Switzerland	0.19	A9,A10	-		0.19
Taiwan	0.68	A9,A10	0.05	B10	0.73
Thailand	-		2.69	B10	2.69
Turkey	-		1.49	B9,B10	1.49
United Kingdom	0.58	A8,A9,A10	17.53	B4,B9,B10	18.11
United States	66.34	A8,A9,A10	1.65	B6,B9,B10	67.99
Venezuela	-		7.67	B4,B10	7.67
Miscellaneous NATO countries <sup>4</sup>	3.49	A10	1.13	B4,B9,B10	4.62
<b>Countries accounting for export values below €10,000: <sup>5</sup></b>					
Bangladesh, New Zealand, Peru, Sierra Leone, Slovakia, Vietnam	-		0.02	B4,B10	0.02
<b>Total</b>	<b>185.08</b>		<b>471.98</b>		<b>657.06</b>

## Footnotes to Tables 1 and 2, first-half 2005

<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

<sup>2</sup> The sub-category A10 (Parts and components for “Arms & Munitions”) relates in this period largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States (total approx. € 66 million) and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems (total just over € 26 million).

<sup>3</sup> The sub-category B10, parts and components for “Other military goods”, in this period comprises a multitude of comparatively small deliveries of military electronics parts and parts for military aircraft and vehicles. The most important countries of final destination in this category are France (just under € 17 million) and Germany (approx. € 14.5 million).

<sup>4</sup> The item “Miscellaneous NATO countries” refers to export licences for components coming into sub-category A10, for the purpose of which a number of NATO countries (excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-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.

<sup>5</sup> 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.

## 2005 (second-half)

**Table 1: Value of licences issued for the definitive export of military goods in second-half 2005**  
*by category*<sup>1</sup>

Main category A, "Arms & Munitions"	2005 (2) (€ million)
1. Tanks	-
2. Armoured vehicles	-
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	290.00
7. Guided missiles	-
8. Small-calibre weapons (≤12.7 mm)	0.09
9. Munitions and explosives	6.07
10. Parts and components for "Arms and Munitions" <sup>2</sup>	66.16
<b>Total Cat. A</b>	<b>362.32</b>

Main category B, "Other military goods"	2005 (2) € million
1. Other military vehicles	5.29
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	31.60
5. ABC substances for military use	-
6. Military exercise equipment	2.35
7. Armour-plating and protective products	-
8. Military auxiliary and production equipment	1.35
9. Military technology and software	5.02
10. Parts and components for "Other military goods" <sup>3</sup>	110.34
<b>Total Cat. B</b>	<b>155.95</b>
<b>Total Cat A + B</b>	<b>518.27</b>

**Table 2: Value of licences issued for the definitive  
export of military goods in second-half 2005  
by country of final destination**

2005 (second-half) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Albania	-	-	0.01	B1	0.01
Australia	-	-	0.01	B10	0.01
Austria	0.03	A8,A10	-	-	0.03
Bahrain	-	-	0.04	B10	0.04
Brazil	0.43	A10	-	-	0.43
Canada	0.13	A10	-	-	0.13
Chile	295.55	A6,A9	0.07	B10	295.62
Denmark	0.76	A10	0.06	B10	0.82
Egypt	-	-	0.36	B4	0.36
Estonia	-	-	2.98	B1,B8	2.98
Finland	1.02	A10	1.17	B10	2.19
France	0.10	A8,A9,A10	2.22	B4,B8,B9,B10	2.32
Germany	9.02	A8,A9,A10	62.24	B4,B9,B10	71.26
Greece	0.24	A10	1.66	B9,B10	1.90
India	-	-	0.10	B10	0.10
Italy	0.68	A10	0.89	B4,B8,B9,B10	1.57
Japan	0.07	A9	13.39	B4,B10	13.46
Lithuania	0.01	A10	-	-	0.01

Macedonia	-	-	2.98	B1,B4	2.98
Malaysia	-	-	0.93	B4	0.93
Morocco	-	-	0.10	B4,B10	0.10
Norway	0.60	A10	1.06	B8,B9,B10	1.66
Pakistan	0.14	A10	-	-	0.14
Poland	4.92	A8,A10	0.39	B10	5.31
Qatar	-	-	0.07	B10	0.07
Russia	-	-	0.02	B10	0.02
Rwanda	-	-	0.17	B1	0.17
Singapore	0.10	A10	-	-	0.10
South Korea	0.03	A10	4.93	B10	4.96
Spain	0.25	A8,A10	0.95	B10	1.20
Sweden	2.41	A9,A10	4.46	B4,B9,B10	6.87
Switzerland	0.02	A10	-	-	0.02
Taiwan	17.77	A10	3.45	B10	21.22
Thailand <sup>4</sup>	0.11	A10	-	-	0.11
Tunisia	-	-	1.04	B4	1.04
Turkey	0.04	A8,A10	10.89	B4,B10	10.93
United Arab Emirates	-	-	0.06	B10	0.06
United Kingdom	0.69	A1,A8,A10	3.82	B4,B6,B10	4.51
United States	23.18	A8,A9,A10	1.54	B4,B9,B10	24.72
Miscellaneous NATO countries <sup>5</sup>	4.00	A10	33.88	B9,B10	37.88

Countries accounting for export values below € 10,000: <sup>6</sup>					
Aruba, Hungary, Ireland, Neth. Antilles, New Zealand, Portugal, Surinam, Czech Republic, Argentina, Israel, Jordan	0.02	A8,A9,A10	0.01	B10	0.03
<b>Total</b>	<b>362.32</b>		<b>155.95</b>		<b>518.27</b>

#### Footnotes to Tables 1 and 2, second-half 2005

<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

<sup>2</sup> The sub-category A10 (parts and components for "Arms & Munitions" relates in this period largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States (total approx. € 17 million), deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems (total just over € 10 million), and deliveries of parts and accessories for maintenance work on two submarines of the Taiwanese navy (approx. € 25 million).

<sup>3</sup> The sub-category B10, Parts and components for "Other military goods", in this period consists largely of deliveries of parts for radar and C3 systems (Germany approx. € 29 million, Japan just over € 13 million, and Turkey approx. € 11 million), but also includes a delivery of Orion reconnaissance aircraft parts worth € 29 million to Germany and deliveries of transport helicopter parts worth € 25 million to various NATO countries.

<sup>4</sup> The value of licences issued to final destination Thailand attributable in this period is attributable to a licence for the delivery of (used) fuel tanks for M113 armoured vehicles. Although Thailand was an acceptable destination for a number of other goods in 2005, this application for spare parts failed to withstand the political test. In the course of the administrative procedure, however, the licence was granted in error, which only came to light and was corrected when the licence was returned in the meantime for an increase in value. In order to minimise the risk of repetition of such an error, the licensing office took immediate steps to tighten the quality control on the administrative processing of applications.

<sup>5</sup> 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 Bulgaria, Romania and Turkey) are licensed final destinations. In practice, this type of licence is used for the sub-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.

<sup>6</sup> 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.



## 2005 (total)

**Table 1: Value of licences issued for the definitive export of military goods in 2005**  
by category<sup>1</sup>

Main category A, "Arms & Munitions"	2005 (€ million)
1. Tanks	-
2. Armoured vehicles	36.00
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	290.00
7. Guided missiles	27.50
8. Small-calibre weapons (≤12.7 mm)	0.34
9. Munitions and explosives	12.81
10. Parts and components for "Arms and munitions" <sup>2</sup>	180.75
<b>Total Cat. A</b>	<b>547.40</b>

Main category B "Other military goods"	2005 (€ million)
1. Other military vehicles	5.34
2. Other military aircraft and helicopters	352.01
3. Other military vessels	-
4. Military electronics	78.12
5. ABC substances for military use	-
6. Military exercise equipment	2.71
7. Armour-plating and protective products	-
8. Military auxiliary and production equipment	7.60
9. Military technology and software	6.22
10. Parts and components for "Other military goods" <sup>3</sup>	175.93
<b>Total Cat. B</b>	<b>627.93</b>
<b>Total Cat A + B</b>	<b>1,175.33</b>

**Table 1: Value of licences issued for the definitive  
export of military goods in 2005**  
*by country of final destination*

<b>2005 (total)</b> € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>TOTAL</b>
Albania	-	-	0,01	B1	0.01
Argentina	-	-	0,06	B1	0.06
Australia	0.04	A10	0,07	B9, B10	0.11
Austria	0.04	A8, A9, A10	0,18	B8	0.22
Bahrain	-	-	0,04	B10	0.04
Brazil	0.43	A10	-	-	0.43
Bulgaria	-	-	0,03	B4	0.03
Canada	4.40	A8, A10	0,39	B9, B10	4.79
Chile	295.55	A6, A9	0,07	B10	295.62
China	-	-	0,02	B4	0.02
Denmark	1.87	A8, A10	0,06	B10	1.93
Egypt	40.00	A2, A7	0,36	B4	40.36
Estonia	-	-	2,98	B1, B8	2.98
Finland	1.38	A10	1,19	B10	2.57
France	2.02	A8, A9, A10	18,25	B4,B8,B9,B10	20.27
Germany	35.94	A8, A9, A10	347,95	B2, B4, B6, B9, B10	383.89
Greece	0.30	A9, A10	2,96	B9, B10	3.26
India	-	-	5,00	B9, B10	5.00

Indonesia	-	-	13,46	B8, B10	13.46
Italy	7.32	A9, A10	25,17	B4,B8,B9,B10	32.49
Japan	0.72	A9, A10	13,39	B4, B10	14.11
Lithuania	0.01	A10	-	-	0.01
Macedonia	-	-	3,26	B1, B4	3.26
Malaysia	-	-	1,59	B4	1.59
Morocco	-	-	0,18	B4, B10	0.18
Norway	4.64	A8, A10	1,96	B8,B9,B10	6.60
Pakistan	0.14	A10	-	-	0.14
Poland	4.92	A8, A10	0,39	B10	5.31
Portugal	-	-	81,34	B2, B10	81.34
Qatar	-	-	0,53	B10	0.53
Romania	23.51	A7, A10	-	-	23.51
Russia	-	-	0,02	B10	0.02
Rwanda	-	-	0,17	B1	0.17
Singapore	0.20	A9, A10	-	-	0.20
South Korea	1.42	A9, A10	8,33	B4, B9, B10	9.75
Spain	1.53	A8,A10	5,49	B10	7.02
Surinam	-	-	0,04	B1	0.04
Sweden	3.91	A8, A9, A10	5,82	B4,B6,B9,B10	9.73
Switzerland	0.21	A10	-	-	0.21
Taiwan	18.45	A9, A10	3,50	B10	21.95

Thailand	0.11	A10	2,69	B10	2.80
Tunisia	-	-	1,04	B4	1.04
Turkey	0.04	A8,A10	12,38	B4, B9, B10	12.42
United Arab Emirates	-	-	0,31	B10	0.31
United Kingdom	1.27	A1,A8,A9,A10	21,35	B4,B6,B9,B10	22.62
United States	89.52	A8,A9,A10	3,19	B4,B6,B9,B10	92.71
Venezuela	-	-	7,67	B4, B10	7.67
Miscellaneous NATO countries <sup>3</sup>	7.49	A10	35,01	B9,B10	42.50
Countries accounting for export values below € 10,000: <sup>4</sup>					
Aruba, Bangladesh, Czech Republic, Hungary, Ireland, Israel, Jordan, Neth. Antilles, New Zealand, Peru, Sierra Leone, Slovakia, Vietnam.	0.02	A8,A9,A10	0,03	B4, B10	0.05
<b>Total</b>	<b>547.40</b>		<b>627.93</b>		<b>1,175.33</b>

#### Footnotes to Tables 1 and 2, 2005 (total)

<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately

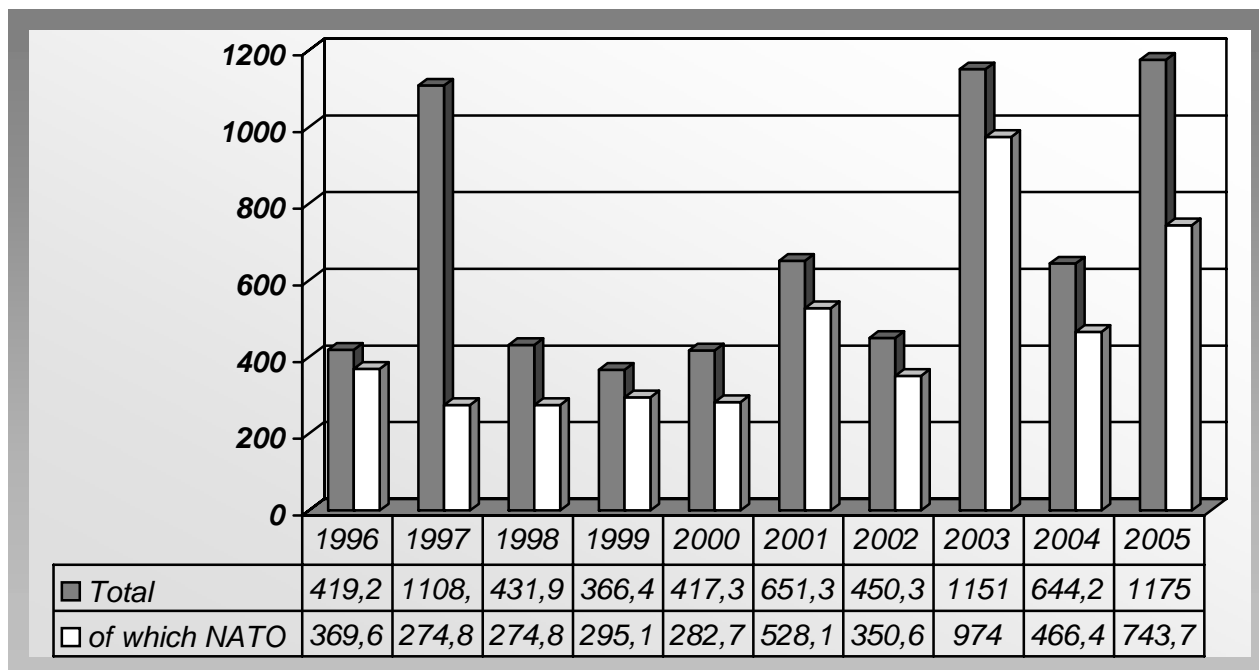
<sup>2</sup> For an explanation of the principal deliveries in the categories A10 and B10 that took place in the year under review, reference is made to the footnotes to Tables 1 and 2, first-half and second-half 2005.

<sup>3</sup> 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 Bulgaria, Romania and Turkey) are licensed final destinations. In practice, this type of licence is used for the sub-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.

<sup>4</sup> 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 – 2005

(value of licences issued, in € million)



\* in 2005 the following 26 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.

**Appendix 3: Value of licences issued for the transit  
of military goods  
in 2005 <sup>1</sup>**  
*by country of final destination*

<b>2005</b> € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>Total</b>
COLOMBIA	-	-	5.04	B02	5.04
CROATIA	0.09	A10			0.09
ICELAND	0.05	A10			0.05
KAZAKHSTAN	0.13	A10			0.13
NORWAY	0.37	A10			0.37
OMAN	0.03	A10			0.03
RUSSIA	0.25	A10			0.25
SAUDI ARABIA	0.03	A10			0.03
SERBIA AND MONTENEGRO	0.08	A10			0.08
SOUTH AFRICA	0.03	A10			0.03
UKRAINE	0.30	A10			0.30
UNITED ARAB EMIRATES	0.10	A10			0.10
<b>TOTAL</b>	<b>1.46</b>		<b>5.04</b>		<b>6.50</b>

<sup>1</sup> 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. The transit item destined for Colombia related to the return shipment of a number of helicopters (category B2) from Russia after undergoing repair by the original manufacturer.

#### Appendix 4: Denial notifications made in 2005 in conformity with the EU Code of Conduct <sup>1</sup>

Date	Number	Country of final destination	Brief description	Recipient	End-user	Reason for denial
12-05-2005	NL 01/2005	Iran	2 <sup>nd</sup> generation image intensifier tubes <sup>1</sup>	Electric optic & Laser industry, Shiraz, Iran	Iranian Police Force	Criteria 2, 5, 6 and 7
12-05-2005	NL 02/2005	Colombia	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Defence, Colombia	Ministry of Defence, Colombia	Criteria 2 and 3
12-05-2005	NL 03/2005	Indonesia	Thermal image cameras	Indonesian Army	Indonesian Army	Criteria 2 and 3
12-05-2005	NL 04/2005	Sudan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Defence, Sudan	Ministry of Defence, Sudan	Criteria 2, 3, 4,6,7 and 8
22-06-2005	NL 05/2005	Georgia	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Georgia	Georgian Police Force	Criteria 3 and 4
22-06-2005	NL 06/2005	Azerbaijan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Azerbaijan	Azerbaijani Police Force	Criteria 1 and 4
22-06-2005	NL 07/2005	Kazakhstan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Kazakhstan	Kazakhstanii Police Force	Criterion 2
22-06-2005	NL 08/2005	Uzbekistan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Uzbekistan	Uzbekistani Police Force	Criterion 2
22-06-2005	NL 09/2005	Tajikistan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Tajikistan	Tajikistan Police Force	Criterion 2
22-06-2005	NL 10/2005	Kyrgyzstan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Kyrgyzstan	Kyrgyzstani Police Force	Criteria 2, 3 and 4
22-06-2005	NL 11/2005	India	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Home Affairs, India	Indian Police Force	Criteria 2, 3 and 4
22-06-2005	NL 12/2005	Armenia	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Armenia	Armenian Police Force	Criteria 1 and 4
22-06-2005	NL 13/2005	Turkmenistan	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Internal Affairs, Turkmenistan	Turkmenistani Police Force	Criterion 2
28-03-2006	NL 14/2005	Georgia via Israel	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Defence, Georgia	Georgian Air Force	Criteria 3 and 4
28-03-2006	NL 15/2005	India	2 <sup>nd</sup> generation image intensifier tubes	Ministry of Defence, India	Georgian Air Force	Criteria 2, 3 and 4

#### Footnotes to Appendix 4:

<sup>1</sup> Although the title of this table still refers to denial notifications, in most cases this refers to denials of soundings (sondages). In the context of the EU Code of Conduct, the member states have agreed in principle also to the mutual exchange of such "sounding denials". All numbers from NL 01/2005 to NL 13/2005 inclusive refer to such soundings.

<sup>2</sup> All cases where the description is “2<sup>nd</sup> generation image intensifier tubes” relate to dual-use goods, item 6A002a2a in the Schedule to the Dual-use Regulation. Where such goods were intended for army, police or security services of the proposed country of final destination, the Netherlands will also notify them within the EU. In addition to the above-mentioned denied soundings and denied applications for dual-use goods intended for army, police or security services, the Netherlands also intends to notify denied transit licences to the partner countries within the context of the EU Code of Conduct. To the extent that other partner countries operate a mandatory transit licensing system, they will therefore be bound to perform consultations if confronted with a similar application. In that way, broadening the scope of Netherlands notifications will contribute towards further harmonisation of the arms export policy within the EU. Moreover, the notification and consultation procedure will help to provide greater clarity regarding the actual implementation of EU measures in the various member states. Insight into that actual implementation can in turn supply input for policy-making purposes. The enhanced transparency in the Netherlands itself also makes a contribution in that respect. For instance, during the compilation of the transit notification summaries for the EZ (Economic Affairs) website they were found to include a number of notifications of consignments of personal effects to Zimbabwe (private individuals travelling with their hunting rifles). However, Zimbabwe is subject to a comprehensive EU arms embargo. Consignments of personal effects are normally recorded for statistical purposes only, but it has been decided in future to apply ad hoc mandatory licensing to transit consignments in cases where the destination is known to be a country subject to such an embargo. Explicit notification to EU partners of denials in such cases can, through the consultation procedure, provide more insight into the scope of transit arrangements, if any, of those partners and their approach to personal effects consignments. Although the example of the EU embargo on Zimbabwe does not provide any legal basis for confiscation of such consignments, which will therefore be returned to their country of origin, this procedure will nevertheless send out a signal that in future such consignments will not be permitted to travel across Netherlands territory.



**Appendix 5: Table showing Government disposals of surplus  
defence equipment in 2005 <sup>1</sup>**

Type of equipment	To/via <sup>2</sup>	Country of final destination	End-user <sup>3</sup>
Ammunition, calibre .303		Greece	Greek Ministry of Defence
Orion P-3C aircraft		Portugal	Portuguese Ministry of Defence
Military vehicles, including DAF YA 4440, YAK 4440, YAZ 2300, YF 4442 and MB 290D		Rep. of Macedonia	Ministry of Defence of the Former Yugoslav Republic of Macedonia
Alkmaar Class minesweepers		Latvia	Latvian Ministry of Defence
SRBOC Chaff cartridges		Chile	Chilean Ministry of Defence
Orion P-3C aircraft spare parts	Bundesamt für Wehrtechnik und Beschaffung	Germany	German Ministry of Defence
Wheeled vehicles and generator sets		Estonia	Estonian Ministry of Defence
Ammunition, calibres 76mm, 30 mm and .50		Chile	Chilean Ministry of Defence
F-16A/B MLU fighter aircraft		Chile	Chilean Ministry of Defence
Spare parts, M113 armoured vehicles	Rheinmetall Waffe Munition GmbH	Germany	German Ministry of Defence
M-class Frigates	State of Belgium	Belgium	Belgian Ministry of Defence
<b>Total contract value:</b>			<b>€493,738,760</b>

**Footnotes to Appendix 5:**

<sup>1</sup> The amount reported is based on the value of the contracts as signed in 2005. Not all deliveries of the goods actually took place in 2005.

<sup>2</sup> 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 end-users. See also footnote 3.

<sup>3</sup> Sale of military goods to private buyers takes place only to firms domiciled in the Netherlands or in countries with an effective arms export policy (NATO, EU members 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 the country of domicile.

## Appendix 6: Table showing arms embargoes in force in 2005 <sup>1</sup>

The table below summarises the international arms embargoes that were in force in 2005. 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	REMARKS
<b>Afghanistan</b>	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 1333 (2000)	Continues to apply to vis-à-vis Bin Laden, Al Qaida and Taliban See also CFSP 2002/402
<b>Armenia</b>	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	
<b>Azerbaijan</b>	UN embargo (non-binding)	Applicable throughout the year under review	UN Security Council Resolution 853 (1993)	
<b>Bosnia-Herzegovina</b>	Exemption for SALW deliveries to the Bosnia-Herzegovina police	Applicable throughout the year under review	Common Position 1999/481/CFSP	NB Embargo withdrawn in 2006 with 2006/29/CFSP
	Exemption for non-lethal military goods for humanitarian purposes or intended for protection	Applicable throughout the year under review	Common Position 2004/798/CFSP	Derives from: 2003/297/CFSP
<b>Democratic Republic of Congo</b>	UN embargo (for groups and militias operating in North and South Kivu and in Ituri and groups not party to the Global and All-inclusive	Applicable throughout the year under review	UN Security Council Resolution 1596 (2005)	Resolution supplements and extends UN Security Council Resolution 1493 (2003)

	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	Incorporated in 2005/440/CFSP
	Exemption for: - equipment for UN/MUNUC personnel - non-lethal goods for humanitarian purposes or intended for personal protection Conditionally: DRC Army & National Police	Applicable throughout the year under review	Common Position 2005/440/CFSP	Derives from: 2002/829/CFSP
<b>China (except Hong Kong and Macao)</b>	EU embargo	Applicable throughout the year under review	Declaration of the General Council van 27 June 1989	
<b>Iraq</b>	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 661 (1990)	Advisable to scrutinize Iraq resolutions closely.
	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	Applicable throughout the year under review	UN Security Council Resolution 1546 (2004)	

	force as raised under UN SC resolution 1511 (2003) to serve the objectives of UN SC Resolution 1546 (2004)			
	EU embargo	Applicable throughout the year under review	Common Position 2003/495/CFSP	Derives from declaration 56/90 of the Council, 4 August 1990
	Exemption for military equipment for occupying powers	Applicable throughout the year under review	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)	Applicable throughout the year under review	Common Position 2004/553/CFSP	
<b>Ivory Coast</b>	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 1643	Is an extension of UN SC Resolution 1572 (2004) - runs until 15 December 2006
	EU embargo	Applicable throughout the year under review	Common Position 2006/30/CFSP	Derives from 2004/852/CFSP
<b>Liberia</b>	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 1521 (2003)	Derives from UN SC Resolution 1343 (2001)
	12-month extension of measures specified in UN SC Resolution 1521	As from 20 December 2005	UN Security Council Resolution 1647 (2005)	
	Amendment to UN SC	As from 13 June 2006	UN Security Council Resolution	Supplies to security forces in Liberia may

	Resolution		1683	be considered by UN Sanctions Committee on a case-to-case basis
	EU embargo	Applicable throughout the year under review	Common position 2001/357/CFSP	
	Exemption for: - goods for an international training & reform programme for the army and police - non-lethal military goods for humanitarian purposes or intended for protection	Applicable throughout the year under review	Common position 2006/31/CFSP	Extension of 2004/137/CFSP
<b>Burma (Myanmar)</b>	EU embargo	Applicable throughout the year under review	Common position 2006/318/CFSP	Derives from: EU General Council Declaration, 29 July 1991
<b>Rwanda</b>	UN embargo	Applicable throughout the year under review	UN Security Council Resolution 918 (1994)	
	Resolution 918 also applicable to sale of arms to persons in neighbouring countries if such arms are intended for use in Rwanda	Applicable throughout the year under review	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)	
<b>Sierra Leone</b>	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	Applicable throughout the year	UN Security Council Resolution 1299 (2000)	

	military goods for partners co-operating with UNASMIL and the Sierra Leone government	under review		
	EU embargo (exempting supplies to the Sierra Leone government, ECOMOG and the UN)	Applicable throughout the year under review	Common Position 1998/409/CFSP	
<b>Sudan</b>	UN embargo (exempting supplies for UN/humanitarian purposes)	Applicable throughout the year under review	UN Security Council Resolution 1556 (2004)	
	Extension of UN SC Resolution to North, South and West Darfur	As from 29 March 2005	UN Security Council Resolution 1591 (2005)	
	EU embargo	Applicable throughout the year under review	Common position 2005/411/CFSP	Derives from: - 2004/31/CFSP - 2004/31/CFSP - 2004/510/CFSP
<b>Somalia</b>	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	
<b>Uzbekistan</b>	EU embargo (certain	As from 14 November	Common position 2005/792/CFSP	

	exemptions for EU/UN humanitarian projects)	2005		
<b>Zimbabwe</b>	EU embargo	Applicable throughout the year under review	Common Position 2002/145/CFSP	Derives from 2002/145/CFSP

<sup>1</sup> To find the most recent information on sanctions and embargoes, visit the English page on the website [www.exportcontrole.ez.nl](http://www.exportcontrole.ez.nl). There you'll find a hyperlink to **EU sanctions and embargoes** that will bring you to a website maintained by the European Commission. Direct link: [http://ec.europa.eu/comm/external\\_relations/cfsp/sanctions/index.htm](http://ec.europa.eu/comm/external_relations/cfsp/sanctions/index.htm)  
On this site choose option B "Restrictive measures in force" which will take you to summaries and to the texts of the various Resolutions, Common Positions and Regulations.