

Letter to Parliament

The Hague, October 2012

**Subject: Annual report on the Netherlands Arms Export Policy in 2011**

Further to the "Policy paper on greater transparency in the reporting procedure on exports of military goods" (Parliamentary Proceedings 1997-1998, 22 054 No. 30, 27 February 1998) as sent to you at an earlier date, we hereby have the honour, also on behalf of the Secretary of State for Foreign Affairs, to submit to you a report and appendices concerning the Netherlands Arms Export Policy in 2011.

This report, which is also to appear as an English-language publication of the Ministry of Economic Affairs, Agriculture & Innovation, considers among other things the instruments, procedures and principles of the Netherlands arms export policy. In addition it examines the nature of the Dutch defence-related industry, which serves a complex of economic and security interests. In conclusion, it identifies a number of international developments in the field of arms export controls.

In a separate section, the report focusses on the General Consultation which took place on 24 March of that year between the Standing Committee on Economic Affairs, Agriculture and Innovation and the Secretary of State for Economic Affairs, Agriculture & Innovation and the Minister of Foreign Affairs, and on the policy adjustments subsequently made. In addition, that section highlights a number of subsequent licence applications where special circumstances affected the decision whether or not to grant the application.

The Netherlands arms export policy recognises 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 and security-related industry. Subject to those limits, in the Government's judgement the Dutch industry should be able to meet other countries' legitimate needs for defence equipment.

In order to permit an assessment of whether an export transaction is admissible or whether it conflicts with the limits of the arms export policy, the export of military goods is prohibited unless an export licence has been obtained. Applications for export licences are therefore subsequently 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 its end user. These eight criteria were originally defined by the European Councils of Luxembourg (1991) and Lisbon (1992) and have meanwhile been incorporated in their entirety in the Common Position 2008/944/CFSP stating common rules governing the control of exports of military goods and technology.

The appendices to the report include tables showing the values of export licences issued in 2011 by category of goods and by country of final destination, as well as tables stating transit licences issued and disposals of surplus defence equipment made by the Netherlands in 2011. Furthermore tables are presented listing licence denial notifications made by the Netherlands in conformity with the Common Position.

As stated in the introduction to the appendices, the total value of licences issued in 2011, rounded-off to two decimal places, amounted to € 715.04 million. That is a substantially lower amount than in 2010, when the value reported was € 1,046.96, and almost half relative to 2009, when the total value amounted to € 1,409.94 million.

The top three main destinations in the year under review were headed by the United States, accounting for a value of just under € 147 million and, as in preceding years, consisting largely of licences to supply components for combat aircraft (F-16, but lately the JSF or F-35 as well) as well as licences to supply parts for air-defence missile launch systems. In second place comes the United Kingdom, accounting for a value of just over € 78 million, which is largely attributable to a licence for the supply of wiring harnesses for military transport aircraft. Third place is occupied by Germany with a value of almost € 57 million, attributable

as usual almost entirely to licences for the supply of military vehicle parts, although this time it also includes a large export licence for anti-missile missile transmitters.

(sgd.)

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**Annual report on  
The Netherlands arms export policy  
2011**

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## **1. Introduction**

The present report on the Netherlands arms export policy in 2011 is the fifteenth 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 Dutch defence and security-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 2011 by category of military goods and by country of final destination. *Appendix 2* shows the trend in Netherlands arms exports for the period 2002-2011. *Appendix 3* contains a table of the licences issued for transit of military goods to third countries. *Appendix 4* lists the denial notifications issued by the Netherlands to EU partners. These notifications are exchanged among partners in accordance with Article 4 of Common Position 2008/944/CFSP stating common rules governing control of exports of military goods and technology, formerly the EU Code of Conduct governing arms exports. Lastly, *Appendix 5* tables the disposals of surplus defence equipment made in 2011.

## **2. The Dutch defence and security-related industry**

With very few exceptions, the Dutch defence and security-related industry consists above all of civil enterprises and research organisations with divisions specialising in military production. This sector - with over 14,000 fte positions and 451 highly committed firms, almost 300 of which effectively operate within the sector - features high-tech production, frequent innovation and highly skilled personnel, a combination that assures high-quality products which are also appreciated abroad. Exports account for no less than 70% of turnover, while 32% of the positions in this industry can be classified as R&D, and over 60% of the workforce employed in the Dutch defence and security-related industry are qualified at University level or above. Consequently the sector is of great economic importance and stands out by its innovative capability. The defence and security-related industry not only makes a direct contribution in the form of equipment for the Dutch army while at the same time, through its close co-operation with the other branches of the armed forces, it supports the operational capabilities of the Netherlands military as a whole and thereby prestige and effectiveness of the nation's contribution to international peacekeeping missions.

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, Dutch companies are involved in national military tenders, either directly or indirectly through offset orders. Because the national market is clearly too small to maintain the available expertise independently, the Dutch 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 German, American, British and Belgian enterprises, also involving joint

commitments relating to systems maintenance and subsequent components delivery. Joint ventures also play an important role where supplies to third countries are concerned. Accordingly, the scope for Dutch 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 export effort 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 and security-related industry. Subject to those limits, in the Government's judgement the Dutch industry should be able to meet other countries' legitimate needs for defence equipment. Bearing in mind the above-mentioned circumstances, the Dutch 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. The maritime sector still has the capability to undertake all the production stages from drawing-board to launching-slip and thereby to contribute to Netherlands exports of complete weapons systems.

The most recent quantitative data on the defence-related industry were made available on a voluntary basis by the firms concerned in the context of a study which was performed by Triarii on behalf of the Ministry of Economic Affairs, Agriculture & Innovation and communicated to Parliament by letter of 4 June 2012.<sup>1</sup> The key figures are as follows:

**Table 1 Specification of the Dutch defence and security-related industry**

<i>Feature</i>	
Number of companies	451
Defence and security-related turnover in 2010	€ 3.10 billion
Defence and security-related turnover as % of total turnover	7%
Volume of defence and security-related exports	€ 2.18 billion
Number of defence and security-related positions	14.242
Number of defence and security-related R&D positions	4.554

*Source: Triarii 2012.*

The figures relate to output (civil/military), exports (as share of total sales), manpower etc. For a number of years there have been around 450 firms - mostly small and medium scale businesses - in the Netherlands either engaged or with plans to engage in military production. In that respect it should be noted that military production is defined as production in response to domestic and foreign defence and security orders, and not as production of goods which are classified as military goods in accordance with the Strategic Goods Import and Export Order. That explains the possible disparity between the export value stated here and the total value of licences issued for exports of military goods as stated elsewhere in this report.

Military production accounts for on average an estimated total Dutch turnover of € 3.10 billion on an annualised basis. This represents an average share of about 7% of the total turnover of the

<sup>1</sup> Parliamentary Proceedings 2011-20012, 31 125, appendix to No.11.

companies and organisations concerned, most of which therefore perform mainly civil work. There are only a few firms that concentrate virtually completely on the defence market. Of the total exports by these companies and organisations, approximately € 2.18 billion 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 moreover an important source of military spin-offs and civil spill-overs. The aerospace sector is the most frequently reported sector of industrial activity, followed by the maritime sector, the command, control and communication sector and the information technology sector. Adjusted for the fte effect, the number of defence-related positions works out at just over 14,000. A considerable proportion of this is attributable to R&D activities: over 4,500 positions, or over 32% of total defence and security-related jobs.

### **3. Instruments and procedures of the arms export policy**

Licences for the export of military goods are issued on the basis of the General Customs Act (Algemene Douanewet) and the export control instruments governed thereby. Companies or persons intending to export goods or technology appearing on the EU list of military goods<sup>2</sup>, apply to the Central Import and Export Service (Centrale Dienst Voor In- en Uitvoer, CDIU) for an export licence. The CDIU forms part of the Tax and Customs Service/North (Belastingdienst/Douane Noord) Department of the Ministry of Finance and, with regard to arms export policy aspects, receives its instructions from the Ministry of Economic Affairs, Agriculture and Innovation. 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 by the Ministry of Economic Affairs, Innovation and Agriculture. During the year under review an exception to this rule applied for Cyprus 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, an export licence will be issued by the Ministry of Economic Affairs, Innovation and Agriculture.

In the case of applications for exports to developing countries appearing on the OECD/DAC list, the Minister of Foreign Affairs will first consult with the Minister for Development Co-operation and then advise the Secretary of State of Economic Affairs, Innovation and Agriculture on the basis of that consultation.<sup>3</sup>

In the case of exports of military goods being disposed of by the Dutch armed forces, Parliament will receive prior notification (if appropriate on a confidential basis) from the State Secretary of Defence. Disposals of this nature are subject to the regular licensing 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. Since then the transit control procedure has

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<sup>2</sup> Official Journal of the European Union No. C85, 22-03-2012 (direct link: : <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:085:0001:0036:NL:PDF>).

<sup>3</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).



undergone a number of modifications but with effect from August 2008 a generic mandatory licence has applied in principle, to which a number of exceptions have been defined in accordance with section 6 of the Strategic Goods Order. The principal exception relates to transit consignments which are subject to the effective export control of a friendly (partner) country or an ally or which are destined for any of the following countries: EU member states, NATO allies, Switzerland, Australia, New Zealand and Japan (EU/NATO+ for short). Such transit consignments were nevertheless subject to mandatory notification in the year under review.

#### **4. 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 defined by the European Councils of Luxembourg (1991) and Lisbon (1992) and have meanwhile been incorporated in their entirety in the Common Position 2008/944/CFSP stating common rules governing control of exports of military goods and technology. The criteria 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 as well as respect by that country of international humanitarian law.*
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.*

On 8 December 2008 the Council of the European Union adopted the decision to transform the EU Code of Conduct on Arms Exports as established ten years previously into a Common Position<sup>4</sup>. The

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<sup>4</sup> Official Journal of the European Union No. L 335/99, 13-12-2008 from page 99 onwards (direct link: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:nl:PDF>)

above-mentioned criteria together with the mechanism for information exchange, notification and consultation where one country has an export licence application under consideration for a destination for which a similar application has previously been denied by another member state, continue to underlie the Common Position 2008/944/CFSP, but the transformation has also entailed a broader scope. Brokerage, transit, intangible forms of technology transfer and production licences have been brought within the ambit of the Common Position where in a member state such activities are subject to mandatory licensing.

Bosnia-Herzegovina, Canada, Croatia, Iceland, Montenegro and Norway have officially endorsed the criteria and principles of the Common Position. Furthermore, Norway exchanges information with the EU relating to licence denials.

The Netherlands as a matter of course observes in full the arms embargoes instituted within UN, OSCE and EU frameworks. The following website offers access to relevant national measures implementing UN and EU sanctions including arms embargoes:

<http://www.rijksoverheid.nl/onderwerpen/internationale-vrede-en-veiligheid/sancties>. In view of the availability of current information via that site it has been decided to discontinue inclusion in the Annual Report of an appendix in the form of a table listing operational arms embargoes. In addition to the information provided on the above website, it should be noted that a non-binding UN embargo has been in force for Armenia and Azerbaijan since 1993 (UN Security Council resolution 853). Likewise an OSCE embargo on arms and ammunition is applicable to the warring factions in Nagorno-Karabakh (decree of the Senior Committee - predecessor of Permanent Council - of 28 February 1992). It may also be noted that sanctions no longer in force can be viewed at the website [www.wetten.nl](http://www.wetten.nl).

## **5. Transparency in the arms export policy**

It may be clear from the outset that the Netherlands observes a high degree of transparency. The government furnishes information on licences issued, in the form of annual reports, six-monthly reports and monthly returns; other countries merely issue annual statements, frequently more general in nature. 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 2011 is the fifteenth 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 tables stating the country of final destination also specify the relevant goods categories. For the purpose of clarifying the overall trend, it has been decided to present both the consolidated figures for 2011 as a whole and the figures for first-half and second-half 2011 separately. Furthermore, information is included on Netherlands licence denials notified to the EU partners in the context of the Common Position 2008/944/CFSP (see Appendix 4).

Apart from the present report on Netherlands exports of military goods in 2011, other non-confidential sources of information are otherwise available on the arms export policy. For example,

on [www.rijksoverheid.nl/exportcontrole](http://www.rijksoverheid.nl/exportcontrole) the Central Import and Export Service (Centrale Dienst voor In- and Uitvoer, CDIU) publishes the "*Strategic Goods Handbook*" (Handboek Strategische Goederen), which is intended for persons, companies and organisations with professional interests in procedures governing imports and exports of strategic goods. The Handbook provides users with information on policy objectives and relevant legislative measures and procedures, besides containing a wealth of practical information. Moreover the handbook is regularly updated in the light of national and international developments in this area, and altogether it has become a valuable instrument for increasing user awareness of this specific area of policy.

In addition, the above-mentioned website also presents a range of other 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 as well as monthly summaries stating core data on the transit of military goods across Netherlands territory. These data are taken from the mandatory notifications of such movements supplied to the CDIU. With this additional information reported on the export controls website, this website now contains monthly summaries of all licences issued for military goods, all licences issued for dual-use goods, and all notifications received for transit of military goods. In common with the practice in recent years, the data on transit licences issued are included in the present Annual Report (Appendix 3). More and more countries are starting to produce non-confidential annual reports, but as regards the provision of data on licence application denials and in the form of monthly summaries the Netherlands leads the world in transparency.

## **6. Adjustments to the arms export policy in 2011**

On 24th March 2011 a general consultation on arms export policy took place in the Lower House. Because this consultation between the Standing Committee on Economic Affairs, Agriculture and Innovation and the Secretary of State for Economic Affairs and the Minister of Foreign Affairs had not taken place in 2010, the reports on both 2009 and first-half 2010 were on the agenda. In view of developments in North Africa and the Middle East, the speakers dwelt mainly on the topicality of what at that time was still referred to as the Arab Spring. Many parliamentary parties were of the opinion that the Dutch arms export policy was due for review. Referring to images of armoured vehicles in the streets of Cairo and Manamah, the House called for the policy to be adjusted.

Minister Rosenthal and Secretary of State Bleker both acknowledged that events in North Africa and the Middle East were a source of lessons learned, although at the same time they indicated that the assessment framework coupled with the eight arms export criteria had proved adequate and effective. It was agreed that a letter was to be drafted in which the Minister and the Secretary of State would set out proposals for policy alterations on various subjects. On 10 June this resulted in the letter "Adjustments in the arms export policy" (Parliamentary Proceedings 22 054, No. 165), addressing three themes: Assessment criteria in perspective; Transit; and Transparency and Parliamentary audit).

### *- Assessment criteria*

Crucial to assessing licence applications for military goods remain the eight criteria of the EU Common Position. Where applicable, the risk of potential undesirable future use of the goods will be taken into account. Accordingly, where applicable testing against the EU Common Position will also entail an element of risk analysis. Furthermore, in the course of the 2012 review of the Common Position the Netherlands intends to seek further harmonisation of the assessment

procedure in particular against criterion 2 (human rights) and criterion 8 (compatibility of military expenditure with diversion for armaments of human and economic resources).

- *Transit*

The adjustment to the transit control system will be modelled on the German system in that the mandatory licence will in principle assume transit with transshipment irrespective of the origin or destination of the military goods. That adjustment will probably be implemented with effect from 1 July 2012. The application processing procedure will apply defined principles in differentiating between various types of transit transactions. Within the new assessment system it will be possible for the Netherlands to decide for example that transit of specific goods across Netherlands territory to specific sensitive destinations may not be permitted even where an ally is able to show an export licence.

- *Transparency and parliamentary audit*

The customary reporting procedure on licences granted for military goods exports will remain unchanged in essence and content but it will be speeded up as soon as roll-out of the appropriate software permits. A germane selection of relevant regulatory measures will be confidentially notified to Parliament within two weeks of issue together with comprehensive explanatory notes. In response to a subsequently adopted motion<sup>5</sup> the threshold value for accelerated reporting has been readjusted from € 5 million to € 2 million. An initial notification was submitted in 2012 to Parliament in a non-confidential letter.

Such notifications may include explanatory notes on the tests applied against the criteria and what assessments were involved. To illustrate this, the present report on 2011 contains brief notes on a number of applications. As in the tables showing the value of export licences issued by country of final destination (Appendix 1), the amounts reported are stated in million euro's, rounded-off to two decimal places.

**Kenya      < 0.01              Cat. A8      small calibre**

This related to an export denial for semi-automatic repeating rifles, initially intended for private security guards on board a vessel due to follow a maritime route known for piracy. A maritime security firm in Kenya was stated as final destination. In cases involving private security guards, the risk of diversion is always taken into account because in the case of private importers greater risks are involved. Accordingly, this application was turned down on the grounds of the 7<sup>th</sup> criterion, an additional consideration being that the Netherlands Government is not in favour of the presence of armed guards on board seagoing vessels

**Rwanda      0.09              Cat. B7      armour-plating and protective products**

This application was for cockpit armour-plating kits for MI-17 utility transport helicopters. Of specific relevance was the fact that these helicopters are deployed for the purpose of a contractual joint operation between the Rwandan Ministry of Defence and the United Nations, and are therefore intended for the purpose of the Rwandan contribution to UN missions. Assessment of the export application against the human rights and regional stability criteria was accordingly positive, since deployment would consistently take place in the context of UN missions.

**India              0.40              Cat. B9      portable radar technology**

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<sup>5</sup> Parliamentary Proceedings 2011-2012, 22054, No. 181.

This application related to the export of technology for a portable radar system for the Indian Air Force. The evaluation took into consideration that these goods by their very nature are incapable of making any contribution to observed human rights violations in India, a constitutional democracy with free elections and in independent judicial system. Although India is involved in several border disputes it is not likely that these goods will have any destabilising effect in the relations between India and its neighbours.

**Chile                    0.27                    Cat. B1                    armoured vehicles**

The application related to YPR armoured vehicles, in the armoured tracked commando version, which had become redundant to Royal Netherlands Army requirements. The delivery represented no risk to the human rights situation in Chile, where human rights are generally respected. Nor did the delivery have any negative impact on the territorial disputes with neighbouring countries Bolivia and Peru. Assessment against criteria 2 and 4 was therefore positive.

## **7. Dutch arms exports in 2011**

The total value, rounded-off to two decimal places, of licences issued in 2011 amounted to €°715.04 million. That represents a considerable decrease in relation to 2010, when the total value came to € 1,409.96 million, and it was almost halved relative to 2009 when the total value was € 1,409.94 million. To put things in proper perspective, it is important to realise that the last of the three corvettes for Morocco are only due for delivery in the course of 2012. This export licence, worth €°555 million and issued in 2009, raised that year to the highest level in terms of value since annual reports on Dutch arms export policy have appeared. Therefore the actual output of the defence-related industry follows less of a random walk trend than the bar chart in Appendix 2 might suggest.

## **8. EU co-operation**

EU co-operation on arms exports is co-ordinated within COARM, the Council Working Group on Conventional Arms Exports. On behalf of the Netherlands, representatives of the Ministry of Foreign Affairs, on occasion assisted by representatives of the Ministry of Economic Affairs, Agriculture and Innovation, attend COARM meetings. In COARM, within the framework of the Common Foreign and Security Policy (CFSP) of the EU, member states exchange information on their arms export policy and endeavour to improve mutual co-ordination of these policies and the relevant procedures. This approach assures co-ordination of EU policy and helps to level the playing field. The basis for this is the EU Common Position (CP), which was agreed by the Council on 8 December 2008.

The best practice guidelines for implementation of the individual criteria of the EU-CP were completed in 2007 and incorporated into the User's Guide to the CP. Common interpretation of the criteria promotes harmonisation of the arms export policy of the EU member states and contributes towards integration of the CP system in new member states. At the same time the guidelines are proving to be a useful instrument for the purpose of outreach activities to non-EU countries.

The User's Guide<sup>6</sup>, which is regularly updated, also provides practical guidelines regarding the information and consultation procedure on licence denials. Also, the central database of national

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<sup>6</sup> The User's Guide is published via the Export Control website of the European Union: (direct link: [http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=1484&lang=nl&mode=g](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1484&lang=nl&mode=g) ).

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 should consult this database to see whether similar cases have met with denials from other member states. If that is the case, consultation between those states is required. In the fairly exceptional case of the prior denial not being observed, the reasons for doing so must be stated, for example that the proposed transaction relates to different goods.

On 30 December 2011 the thirteenth EU annual report was published<sup>7</sup>, reviewing the subjects discussed within COARM. In addition, the report contains detailed statistical information on exports of military equipment by the EU member states in 2010. The report also includes detailed statistical information on exports of military data classified by member state and country of final destination, in addition to stating numbers of licences issued, the value of licences issued as well as licence denials. The data are classified by category of the military list. At the same time, the information is presented on both a regional and a worldwide basis. Since exports in support of international missions (UN missions) in embargoed countries frequently attract questions, the EU annual report also includes separate tables with summaries showing supplies for the purpose of international missions. Lastly, the report states the number of brokering licences requested and denied in addition to the number of consultations undertaken by EU partners.

The EU annual report shows that in 2010 member states notified a total of about 400 licence denials in the EU context, which is virtually equal to the number reported in 2009 (in 2009: 406, in 2008: 329, in 2007: 425, and 2006: 360). The number of consultations conducted was about 109, broadly corresponding with preceding years with the exception of 2006, when the number of consultations was significantly lower. In 2010 the Netherlands was furthermore involved in a total of eight consultations. One consultation was initiated by the Netherlands, while on seven occasions this country was consulted by other member states.

COARM meetings during 2011 focused very largely on the situation in the Middle East. Via COARM the Netherlands pursues a policy aimed at ensuring a level playing field together with a uniform and harmonised assessment of export applications to specific countries in this region.

At year-end 2011 the chairman of COARM initiated preparations for the Common Position review which is due to take place in 2012. It will then be decided, also in the light of Member States' input, whether and if so in which areas the EU Common Position requires amendment, or whether COARM's procedures can be improved and/or whether other instruments might be capable of contributing to an even more effective arms export policy of the EU Member States.

## **9. 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 40 countries, including the United States, Russia and all EU member states with the exception of Cyprus<sup>8</sup>, participated in this forum, which owes its name to the town where, under the presidency of the Netherlands, the negotiations were

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<sup>7</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:382:0001:0470:EN:PDF>  
Official Journal of the European Union C9, 13-01-2011 (see link to EU page at footnote 5).

<sup>8</sup> In 2009 only Cyprus was not yet a partner owing to Turkish objections.

conducted on the founding of the Arrangement. These countries together are estimated to account for over 90% of total world exports of military goods.

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 concerning exports to third parties of arms and of goods capable of use for military purposes. The intention is to promote greater knowledge and sense of responsibility in the national assessment of applications for licences for exports of such goods. Clearly, more information will enable participating states to assess more accurately whether the arms build-up of certain countries or regions exceeds their legitimate needs for defence equipment. Where that is the case, this should result in participating states 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. Any revision of the WA list results in an amendment to the Import and Export Order. Where Netherlands export controls on military goods are concerned, the Strategic Goods Implementing Order refers directly to the EU list of military goods.

In the course of the year under review, the fourth evaluation of the principles of the Wassenaar Arrangement took place. The protracted displeasure of the Russian Federation concerning the other partners' lack of interest in designating Georgia unequivocally as the cause of the five-day war between Georgia and Russia in August 2008 continued to impede true progress. Nevertheless it ultimately proved possible to achieve consensus on three best practice guidelines which had been pending for years and on a number of amendments to one of the underlying documents of the Wassenaar Arrangement.

Best practice guidelines are politically binding guidelines. The fact that consensus was achieved on this matter indicates that all 40 participating countries appreciate the guidelines. Accordingly a multilateral norm has been created. It proved possible to agree a proposal on guidelines for the control of arms movements – initiated by Denmark – by citizens and residents of WA countries from third countries subject to a UN arms embargo. In addition an originally Japanese proposal was adopted for the harmonisation of internal compliance programmes.

In 2011 a proposal - of Russian origin – was also adopted for such guidelines to be drafted on re-export. Such guidelines had been a source of controversy for some time because in point of fact they hinged on the consequences of licensing arrangements. The fall of the Soviet Union and collapse of the Warsaw Pact meant that the Russian Federation lost control over that satellite production and hence also control over what was supplied to whom. The former satellite states, however, many of which had already become European Union member states, were unwilling to lose their newly gained freedom. That ultimately proved possible by withholding retroactive force from the re-export guidelines and hence effectively from the licence agreements standards, but by declaring them to be applicable to new agreements.

The Netherlands continued its active co-operation in the year under review. For instance, this country observed full openness in the disclosure of its supplies to other WA partners as well as

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

non-partners, whereas certain WA partners prefer to restrict that information exchange to supplies to non-WA partners. The Netherlands consistently seeks enhanced transparency. What ultimately matters is to consider where we as the now 40-strong Wassenaar Arrangement (Mexico was accepted as a member in 2012) can find consensus on how best to formulate and implement our export controls. That ambition emerges for example from the fact that in 2011 the Netherlands accepted the Chairmanship of the *Licensing and Enforcement Officers Meeting (LEOM)*.

Further information on the best practice guidelines, the principles, goals and current developments of the WA, in addition to the texts of the non-confidential documents is available at [www.wassenaar.org](http://www.wassenaar.org).

## **10. Arms control**

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

### **Cluster munitions**

In the course of the year under review the Netherlands took the final steps towards ratifying the Convention on Cluster Munitions. The Netherlands ratified the Convention on 23 February 2011, and accordingly on 1 August 2011 it entered into force for this country. As at June 2012, 71 states are party to the Convention and 40 other countries have signed but not yet ratified it.

The Secretary-General of the United Nations (SGUN) and the President of the International Red Cross have described the treaty as a new standard in humanitarian law of war. The Netherlands Government endorses this view. The Netherlands will urge countries not yet signatory to the Convention on Cluster Munitions to join the Convention.

In 2011 the Minister of Finance reported to Parliament that the Government is to prepare legislation intended to prohibit direct investment in cluster munitions. In the Government's opinion this does not arise directly from the obligations of the Convention but it nevertheless reflects the spirit of the Convention and the wish of Parliament. The ban will take effect on 1 January 2013.

### **Landmines**

The Netherlands attended the meeting of States Parties at the anti-personnel landmines convention (Ottawa Treaty), which was held in Cambodia in 2011. On that occasion the Netherlands was formally designated Co-Rapporteur of the Standing Committee on Mine Clearance, an appointment which will become Chairman in 2013. In 2011 the Netherlands, as in preceding years, appropriated €15 million to landmine clearance projects, making this country one of the major donors.

### **Small arms and light weapons (SALW)**

The Netherlands government pursues a policy aimed at curbing the uncontrolled proliferation of SALW and their ammunition. The objective of the Netherlands policy is to reduce the numbers of victims of armed violence, armed conflicts and gun crime and thereby contribute towards security and stability, as a condition for sustainable development and attainment of the Poverty Reduction Objectives.



In the field of arms control, the policy on the SALW problem is an important subject. Recent years have been dominated by multilateral developments on the one hand and, on the other, by support for practical projects relating to arms destruction, stockpile management and allied technical subjects. Numerous international and regional agreements have arisen from these international efforts, such as the UN Programme of Action on SALW (2001), and the Geneva Declaration on Armed Violence and Development (2006). The Netherlands continued to play an active role in 2011 aimed at further elaborating and firming up these agreements.

#### **- UN Programme of Action**

The UN Programme of Action requires states to pursue active policies at the national, regional and international level in the field of SALW, including development and implementation of arms legislation, destruction and secure storage of (surplus) arms and ammunition, improved co-operation among states - inter alia in the marking and tracing of illegal weapons - and assistance and support for activities in countries and regions possessing insufficient capability themselves to implement the measures as set out in the UN Programme of Action.

In 2011 the first Meeting of Government Experts (MGE) took place, at which experts considered improved technical agreements on SALW marking and tracing in addition to the International Tracing Instrument (ITI). The MGE was held in preparation for the Second Assessment Conference (2012). The Netherlands drew attention to embedment of demand-oriented programmes within national strategies and improvement in matching donor countries' programme offerings to the requirements of recipient countries.

#### **- Geneva Declaration on Armed Violence and Development**

In becoming a signatory to this declaration in 2006, the Netherlands demonstrated its realisation of the fact that the fight against armed violence and policy on development are inseparably interconnected. As a member of the Geneva Declaration core group, the Netherlands is closely involved in further developing the principles of this declaration. The number of signatory nations has meanwhile exceeded 100. In the coming period the Netherlands, as a member of the above-mentioned core group, is committed to a policy designed to encourage larger countries in particular to join this group so as to add diplomatic punch to its objectives. In addition to ensuring sufficient international support for the link between countering armed violence and meeting development targets – and hence the Millennium Development Objectives<sup>10</sup> as well – the Netherlands has actively sought to match the attainment of specific results in focus countries, including Burundi, to the principles of the Geneva Declaration. On 31 October and 1 November the 2nd Ministerial Review Conference was held in Geneva. It was decided that greater emphasis should be placed on implementation of the Geneva Declaration. The Netherlands has pursued a policy (at various forums and via research organisations which it supports) aimed at defining the correlations, impacts and costs of armed violence worldwide.

#### **- EU and SALW**

EU Member States report annually on their national activities for implementation of the Council's Joint Action relating to the European Union's contribution towards combating the destabilising

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<sup>10</sup> These are international agreements on eight specific development goals that must have been achieved by 2015

accumulation and proliferation of small arms and light weapons (2002/589/CFSP). The national reports and the EU activities are combined in the Joint Annual Report<sup>11</sup> to which the Netherlands contributes annually. In mid-2011 preparatory work began on reviewing the EU Joint Action as laid down in Article 15 of the document.

### **Netherlands action on Transparency in Armaments**

Twice every three years the Netherlands moves the UNGA resolution *Transparency in Armaments*, which traditionally can count on the support of a large majority of the UN member states. This resolution ensures that a group of government experts meets once every three years in order to evaluate and further develop the UN Register of Conventional Arms. In 2011 the resolution was carried by 56 votes, with 23 abstentions.

### **UN transparency in legislation**

The Netherlands has moved the UNGA resolution *National legislation on transfer of arms, military equipment and dual-use technology* each year since 2002, and since 2005 that it has done so every other year. With this resolution, which was adopted in 2011 again without a vote, UN member states are urged to exchange information on their national legislation governing arms exports. In the framework of this resolution an electronic UN database has also been created, where the exchanged law texts and other information are stored and made universally accessible. Meanwhile this database contains contributions from 54 countries, including the Netherlands. In 2010 Jordan, Macedonia and Tunisia were among Member States filing a return for the first time.

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<sup>11</sup> Reports are published via the Export Controls website of the European Union: (direct link [http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=1484&lang=nl&mode=g](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1484&lang=nl&mode=g))

## **Appendix 1: Tables showing the value of licences for the definitive export of military goods issued in 2011 by category of goods and by country of final destination**

### **Introduction**

The total value, rounded-off to two decimal places, of licences issued in 2011 amounted to € 715.04 million. That represents a substantial fall relative to 2010, when the total value came to € 1,046.96 million, and almost half the figure for 2009, when the total value reported was € 1,409.94 million. Nevertheless, this kind of fluctuation has occurred in the past, and to set matters in their proper perspective it is useful to know that the last of the three corvettes the export licence for which lifted the year 2009 into top place in value terms since the annual reports on Dutch arms exports have appeared, is only due to be delivered in the course of 2012.

In other words, the output of the Dutch defence-related industry in fact shows a less capricious trend than the bar chart in Appendix 2 showing the figures over ten years would suggest.

The group of top five destinations in the year under review was headed by the United States, accounting for a value of just under € 147 million, as in preceding years consisting above all of licences to supply components for combat aircraft (F-16, but lately JSF and F-35 as well) as well as licences to supply parts for air defence missile launch systems. Second place is occupied by the United Kingdom accounting for a value of just over € 78 million, mainly due to a licence for the export of cable harnesses? for military transport aircraft. In third place comes Germany with a value of almost € 57 million which as usual is chiefly attributable to licences for the supply of parts for military vehicles, although this time the figure also includes a sizable licence for the supply of transmitters for anti-missile missiles. With a value of almost € 54 million the destination category "Other NATO" occupies fourth place, including for example licences for sub-supplies to equipment joint ventures, such as the NH-90 helicopter and the Evolved Sea Sparrow Missile. Fifth place goes to Indonesia, accounting for a value of just over € 46 million, almost entirely attributable to an export licence in respect of after-sales activities for the four corvettes supplied to Indonesia in the period 2007-2009.

Exports of military goods accounted for slightly under 0.18% of total Netherlands goods exports in 2011 (€ 405.2 billion). For an international comparison of this percentage, it is important to know that in the Netherlands it is not only exports of military goods manufactured by Dutch industry that are subject to mandatory licensing but 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 international operations abroad is exempted from mandatory export licensing. Unlike in certain other countries, disposals of Dutch defence equipment to third countries are therefore 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 subsystem 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 subsystems 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.

**2011 (first-half)**  
**Table 1: Value of licences issued for the definitive export**  
**of military goods in first-half 2011**  
*by category*<sup>1</sup>

<b>Main category A, "Arms &amp; Munitions"</b>	<b>2011 (1)</b> in € million
1. Tanks	0.03
2. Armoured vehicles	0.27
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)	0.09
9. Munitions and explosives	0.54
10. Parts and components for "Arms & Munitions" <sup>2</sup>	306.10
<b>Total Cat. A</b>	<b>307.03</b>

<b>Main category B "Other military goods"</b>	<b>2011 (1)</b> in € million
1. Other military vehicles	1.67
2. Other military aircraft and helicopters	-
3. Other military vessels	0.08
4. Military electronics	36.81
5. ABC substances for military use	
6. Military exercise equipment	-
7. Armour-plating and protective products	-
8. Military auxiliary and production equipment	0.90
9. Military technology and software	3.83
10. Parts and components for "Other military goods" <sup>3</sup>	163.83
<b>Total Cat. B</b>	<b>207.12</b>
<b>Total Cat. A + B</b>	<b>514.15</b>

**2011 (first-half)**  
**Table 2: Value of licences issued for the definitive export**  
**of military goods in first-half 2011**  
*by country of final destination*

<b>2011 (first-half)</b> Value in € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>TOTAL</b>
<b>Argentina</b>	0.20	A10	-	-	0.20
<b>Australia</b>	34.83	A10	-	-	34.83
<b>Belgium</b>	-	-	0.07	B9	0.07
<b>Canada</b>	1.53	A10	0.19	B9, B10	1.72
<b>Chile</b>	0.13	A10	1.27	B1	1.40
<b>China</b>	-	-	18.38	B10	18.38
<b>Colombia</b>	0.01	A10	-	-	0.01
<b>Czech Republic</b>	0.06	A8, A9, A10	-	-	0.06
<b>Denmark</b>	1.17	A8, A10	1.18	B9, B10	2.35
<b>Egypt</b>	-	-	0.16	B4	0.16
<b>Finland</b>	4.42	A8, A10	1.22	B9, B10	5.64
<b>France</b>	6.88	A8, A10	33.61	B9, B10	40.49
<b>Germany</b>	30.29	A7, A8, A9, A10	5.75	B9, B10	36.04
<b>Greece</b>	4.35	A10	1.02	B4, B10	5.37
<b>Hungary</b>	-	-	0.08	B9	0.08
<b>Iceland</b>	1.50	A10	-	-	1.50
<b>India</b>	-	-	10.55	B9, B10	10.55
<b>Indonesia</b>	0.13	A10	-	-	0.13
<b>Israel</b>	-	-	0.07	B9	0.07

<b>Italy</b>	7.22	A8, A9, A10	5.29	B4, B9, B10	12.51
<b>Japan</b>	1.70	A10	-	-	1.70
<b>Kazakhstan</b>	-	-	0.01	B10	0.01
<b>Kenya</b>	-	-	0.08	B3	0.08
<b>Latvia</b>	0.03	A1	-	-	0.03
<b>Malaysia</b>	0.04	A10	-	-	0.04
<b>New Zealand</b>	1.50	A10	0.70	B10	2.20
<b>Norway</b>	35.12	A8, A9, A10	2.79	B4, B10	37.91
<b>Oman</b>	0.08	A10	0.02	B10	0.10
<b>Pakistan</b>	-	-	0.09	B10	0.09
<b>Poland</b>	0.84	A9, A10	0.01	B10	0.85
<b>Romania</b>	0.33	A8, A10	-	-	0.33
<b>Russia</b>	-	-	0.03	B4	0.03
<b>Saudi Arabia</b>	0.19	A10	-	-	0.19
<b>Singapore</b>	0.01	A10	29.38	B4, B10	29.39
<b>South Africa</b>	-	-	0.70	B4, B10	0.70
<b>South Korea</b>	0.87	A10	-	-	0.87
<b>Spain</b>	5.17	A8, A10	-	-	5.17
<b>Sweden</b>	5.32	A8, A9, A10	3.14	B4, B8, B9, B10	8.46
<b>Switzerland</b>	4.11	A8, A9, A10	3.29	B10	7.40
<b>Taiwan</b>	19.54	A10	1.73	B9, B10	21.27
<b>Thailand</b>	0.48	A10	0.27	B10	0.75
<b>Turkey</b>	1.21	A8, A10	3.39	B9, B10	4.60

<b>Turkmenistan</b>	6.80	A10	-	-	6.80
<b>UAE</b>	-	-	0.02	B10	0.02
<b>UK</b>	3.96	A8, A9, A10	70.32	B9,B10	74.28
<b>USA</b>	106.03	A2, A8, A9, A10	10.99	B4, B9, B10	117.02
<b>Other NATO <sup>4</sup></b>	20.96	A10	1.32	B1, B4, B10	22.28
<b>Countries accounting for export values below € 10,000: <sup>5</sup></b>					
<b>Bangladesh. Bulgaria. Lithuania, Malta, Austria, Slovakia, Surinam</b>	0.02	A8, A9, A10	-	-	0.02
<b>Total</b>	<b>307.03</b>		<b>207.12</b>		<b>514.15</b>

#### **Footnotes to Tables 1 and 2, first-half 2011**

<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 as usual largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems. In this period, however, a licence to the value of € 18.7 million was issued for the supply of parts and accessories for operational maintenance on the two Taiwanese Sea Dragon class submarines. These parts and accessories also come into sub-category A10.

<sup>3</sup> The sub-category B10, Parts and components for "Other military goods" in this period again consists of multiple small-scale deliveries of parts for military electronic systems and parts for military aircraft and vehicles. A licence for the supply to the United Kingdom of cable harnesses for the military version of the Airbus in this period accounts for a major share in B10. Also noteworthy in this sub-category is a licence to the value of almost € 18.4 million for the delivery of RAS/FAS underway replenishment systems to the Chinese navy.

<sup>4</sup> The item "other NATO" generally relates to export licences for components in 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 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.



**2011 (second-half)**

**Table 2: Value of licences issued for the definitive export  
of military goods in second-half 2011  
by category<sup>1</sup>**

<b>Main Category A "Arms &amp; Munitions"</b>	<b>2011 (2) in € million</b>
1. Tanks	-
2. Armoured vehicles	0.02
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	0.01
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.14
9. Munitions and explosives	2.14
10. Parts and components for "Arms & Munitions" <sup>2</sup>	111.83
<b>Total Cat. A</b>	<b>114.14</b>

<b>Main category B "Other military goods"</b>	<b>2011 (2) in € million</b>
1. Other military vehicles	2.26
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	60.79
5. ABC substances for military use	-
6. Military exercise equipment	0.02
7. Armour-plating and protective products	0.21
8. Military auxiliary and production equipment	1.72
9. Military technology and software	4.15
10. Parts and components for "Other military goods" <sup>3</sup>	17.60
<b>Total Cat. B</b>	<b>86.75</b>

**Table 2: Value of licences issued for the definitive export of military goods in second-half 2011**  
by country of final destination

<b>2011 (total)</b> Value in € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>TOTAL</b>
<b>Australia</b>	-	-	0.99	B10	0.99
<b>Bangladesh</b>	0.40	A10	-	-	0.40
<b>Bonaire</b>	0.01	A9	-	-	0.01
<b>Canada</b>	13.85	A10	0.15	B9, B10	14.00
<b>Chile</b>	0.73	A10	0.35	B8, B10	1.08
<b>Czech Republic</b>	0.04	A8, A9	0.73	B4	0.77
<b>Denmark</b>	0.05	A8, A10	0.23	B10	0.28
<b>Estonia</b>	-	-	1.56	B1	1.56
<b>Finland</b>	-	-	2.70	B1, B4	2.70
<b>France</b>	0.33	A8, A9, A10	0.48	B9, B10	0.81
<b>Germany</b>	10.40	A2, A3, A4, A8, A9, A10	10.47	B4, B6, B9, B10	20.87
<b>India</b>	-	-	1.06	B10	1.06
<b>Indonesia</b>	0.03	A9	45.92	B4	45.95
<b>Italy</b>	0.72	A8, A10	1.63	B4, B10	2.35
<b>Malaysia</b>	0.06	A9, A10	-	-	0.06
<b>Mozambique</b>	-	-	0.07	B10	0.07
<b>Norway</b>	-	-	1.57	B4, B7, B10	1.57
<b>Oman</b>	-	-	0.07	B10	0.07
<b>Panama</b>	-	-	0.02	B9	0.02

<b>Poland</b>	7.53	A8, A9, A10	-	-	7.53
<b>Portugal</b>	0.02	A8	-	-	0.02
<b>Qatar</b>	0.07	A10	-	-	0.07
<b>Rwanda</b>	-	-	0.09	B7	0.09
<b>Serbia</b>	-	-	0.14	B4	0.14
<b>Singapore</b>	0.13	A10	0.09	B7, B10	0.22
<b>Spain</b>	0.33	A8, A10	2.24	B4, B6, B10	2.57
<b>Taiwan</b>	10.46	A10	-	-	10.46
<b>Turkey</b>	0.36	A8, A10	2.84	B8, B10	3.20
<b>UAE</b>	0.05	A10	0.10	B10	0.15
<b>USA</b>	24.65	A8, A9, A10	5.17	B4, B9, B10	29.82
<b>UK</b>	0.66	A8, A9, A10	3.07	B9, B10	3.73
<b>South Africa</b>	-	-	0.01	B10	0.01
<b>South Korea</b>	8.39	A10	-	-	8.39
<b>Sweden</b>	0.15	A8, A9, A10	4.37	B4, B8, B9, B10	4.52
<b>Switzerland</b>	3.32	A8, A9, A10	0.51	B10	3.83
<b>Other NATO <sup>4</sup></b>	31.38	A10	0.12	B9, B10	31.50
<b>Countries accounting for export values below € 10,000: <sup>5</sup></b>					
Argentina, Aruba, Austria, Ireland, Kyrgyzstan, Lithuania, Romania, Slovakia	0.02	A8, A9, A10	-	-	0.02
<b>Total</b>	<b>114.14</b>		<b>86.75</b>		<b>200.89</b>

## Footnotes to Tables 1 and 2, second-half 2011

<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> Sub-category A10 (Parts and components for "Arms & Munitions") relates as usual largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems. However, this sub-category also accommodates deliveries of parts for naval vessels. For example, this sub-category contains the largest licence of the reporting period, namely a licence worth almost € 46 million for after-sales activities (test equipment, tools, spare parts, return following repair, etc.) relating to the four corvettes delivered to Indonesia in the period 2007-2009. Just like last year, this sub-category also includes a licence worth over € 22 million for the delivery of air defence missile launch systems to the US.

<sup>3</sup> Sub-category B10, Parts and components for "Other military goods", in this period again consists of a multitude of small-scale deliveries of parts for military electronic systems and parts for military aircraft and vehicles, such as the NH90 helicopter and the Boxer 8x8 MRAV. One of the larger licences to Germany in the B10 category related to the delivery of wiring harnesses for military reconnaissance and anti-submarine aircraft worth over € 15 million.

<sup>4</sup> The item "other NATO" generally relates to export licences for components in 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 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. As stated above with reference to the figures for prior periods, this item is also used for export licences for goods which after undergoing finishing abroad will be returned to the Netherlands as final destination.

<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.

**2011 (Total)**  
**Table 1 Value of licences issued for the definitive export**  
**of military goods in 2011**  
*by category<sup>1</sup>*

<b>Main Category A "Arms &amp; Munitions"</b>	<b>2011</b> in € million
1. Tanks	0.03
2. Armoured vehicles	0.29
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	0.01
5. Combat helicopters	-
6. Warships	-
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.23
9. Munitions and explosives	2.68
10. Parts and components for "Arms & Munitions" <sup>2</sup>	417.93
<b>Total Cat. A</b>	<b>421.17</b>

<b>Main Category B "Other military goods"</b>	<b>2011</b> in € million
1. Other military vehicles	3.93
2. Other military aircraft and helicopters	-
3. Other military vessels	0.08
4. Military electronics	97.60
5. ABC substances for military use	-
6. Military exercise equipment	0.02
7. Armour-plating and protective products	0.21
8. Military auxiliary and production equipment	2.62
9. Military technology and software	7.98
10. Parts and components for "Other military goods" <sup>3</sup>	181.43
<b>Total Cat. B</b>	<b>293.87</b>
<b>Total Cat. A + B</b>	<b>715.04</b>

**Table 2: Value of licences issued for the definitive export of military goods in first-half 2011**  
by category

<b>2011 (total)</b> in € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>TOTAL</b>
<b>Argentina</b>	0.20	A10	-	-	0.20
<b>Australia</b>	35.82	A10	-	-	35.82
<b>Bangladesh</b>	0.40	A10	-	-	0.40
<b>Belgium</b>	-	-	0.07	B9	0.07
<b>Bonaire</b>	0.01	A9	-	-	0.01
<b>Canada</b>	15.38	A10	0.34	B9, B10	15.72
<b>Chile</b>	0.86	A10	1.62	B1, B8, B10	2.48
<b>China</b>	-	-	18.38	B10	18.38
<b>Colombia</b>	0.01	A10	-	-	0.01
<b>Czech Republic</b>	0.16	A8, A9, A10	0.73	B4	0.83
<b>Denmark</b>	1.22	A8, A10	1.41	B9, B10	2.63
<b>Egypt</b>	-	-	0.16	B4	0.16
<b>Estonia</b>	-	-	1.56	B1	1.56
<b>Finland</b>	4.42	A8, A10	3.92	B1, B4, B9, B10	8.34
<b>France</b>	7.21	A8, A9, A10	34.09	B9, B10	41.30
<b>Germany</b>	40.69	A2, A3, A4, A7, A8, A9, A10	16.22	B4, B8, B9, B10	56.91
<b>Greece</b>	4.35	A10	1.02	B4, B10	5.37
<b>Hungary</b>	-	-	0.08	B9	0.08
<b>Iceland</b>	1.50	A10	-	-	1.50

<b>India</b>	-	-	11.61	B9, B10	11.61
<b>Indonesia</b>	0.16	A9, A10	45.92	B4	46.08
<b>Israel</b>	-	-	0.07	B9	0.07
<b>Italy</b>	7.94	A8, A9, A10	6.92	B4, B9, B10	14.86
<b>Japan</b>	1.70	A10	-	-	1.70
<b>Kazakhstan</b>	-	-	0.01	B10	0.01
<b>Kenya</b>	-	-	0.08	B3	0.08
<b>Lithuania</b>	0.03	A1	-	-	0.03
<b>Malaysia</b>	0.10	A9, A10	-	-	0.10
<b>Mozambique</b>	-	-	0.07	B10	0.07
<b>New Zealand</b>	1.50	A10	0.70	B10	2.20
<b>Norway</b>	35.12	A8, A9, A10	4.36	B4, B7, B10	39.48
<b>Oman</b>	0.08	A10	0.09	B10	0.17
<b>Pakistan</b>	-	-	0.09	B10	0.09
<b>Panama</b>	-	-	0.02	B9	0.02
<b>Poland</b>	8.37	A9, A10	0.01	B10	3.38
<b>Portugal</b>	0.02	A8	-	-	0.02
<b>Qatar</b>	0.07	A10	-	-	0.07
<b>Romania</b>	0.33	A8, A10	-	-	0.33
<b>Russia</b>	-	-	0.03	B4	0.03
<b>Rwanda</b>	-	-	0.09	B7	0.09
<b>Saudi Arabia</b>	0.19	A10	-	-	0.19
<b>Serbia</b>	-	-	0.14	B4	0.14

<b>Singapore</b>	0.14	A10	29.47	B4, B7, B10	29.61
<b>South Africa</b>	-	-	0.71	B4, B10	0.71
<b>South Korea</b>	9.26	A10	-	-	9.26
<b>Spain</b>	5.50	A8, A10	2.24	B4, B6, B10	7.74
<b>Sweden</b>	5.47	A8, A9, A10	7.51	B4, B8, B9, B10	12.98
<b>Switzerland</b>	7.43	A8, A9, A10	3.80	B10	11.23
<b>Taiwan</b>	30.00	A10	1.73	B9, B10	31.73
<b>Thailand</b>	0.48	A10	0.27	B10	0.75
<b>Turkey</b>	1.57	A8, A10	6.23	B8, B9, B10	7.80
<b>Turkmenistan</b>	6.80	A10	-	-	6.80
<b>UAR</b>	0.05	A10	0.12	B10	0.17
<b>UK</b>	4.62	A8, A9, A10	73.39	B9,B10	78.01
<b>USA</b>	130.86	A2, A8, A9, A10	16.16	B4, B9, B10	146.84
<b>Other NATO<sup>4</sup></b>	52.34	A10	1.44	B1, B4, B9, B10	53.78
<b>Countries accounting for export values below € 10,000: <sup>5</sup></b>					
Aruba, Bulgaria, Ireland, Kyrgyzstan, Lithuania, Malta, Austria, Slovakia, Surinam	0.04	A8, A9, A10	-	-	0.04
<b>Total</b>	<b>421.17</b>		<b>293.87</b>		<b>715.04</b>

#### Footnotes to Tables 1 and 2, 2011 (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.

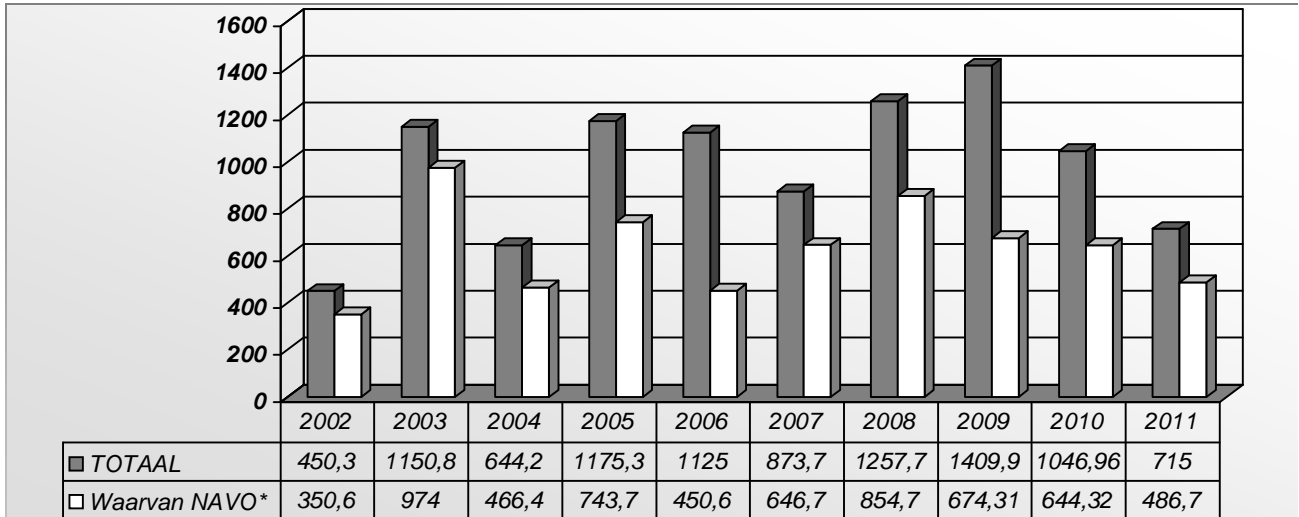
<sup>2,3</sup> For details on the main deliveries classified in categories A10 and B10 in the year under review, reference is made to the explanatory footnotes to the tables on first-half 2011 and second-half 2011.



<sup>4</sup> The item "other NATO" generally relates to export licences for components in 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 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. This item is also used to account for multiple-partner equipment joint ventures such as the NH90 helicopter programme. As stated above with reference to the figures for prior periods, this item is also used for export licences for goods which after undergoing finishing abroad will be returned to the Netherlands as final destination.

<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 relate to export transactions of this nature.

**Appendix 2: Trend in Netherlands arms export 2001 – 2010**  
**(value of licences issued, in € million)**



\* In 2011 the following 28 countries were members of NATO:  
 Albania, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Turkey, United Kingdom and United States of America.

**Appendix 3: Value of licences issued for transit  
of military goods in 2011 <sup>1</sup>**  
*by country of final destination*

<b>2011</b> <i>Value in € million</i>					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat.B</b>	<b>Specification</b>	<b>Total</b>
<b>Chile</b>	0.11	A10	-	-	0.11
<b>Ecuador</b>	-	-	0.17	B7	0.17
<b>Indonesia</b>	0.04	A10	-	-	0.04
<b>Mexico</b>	0.34	A10	0.04	B7	0.38
<b>Peru</b>	3.41	A10	-	-	3.41
<b>Serbia</b>	0.03	A9	-	-	0.03
<b>South Africa</b>	0.07	A10	-	-	0.07
<b>Tanzania</b>	0.02	A8	-	-	0.02
<b>Countries accounting for export values below € 10,000</b>					
Brazil, India, Israel, Kazakhstan, Russia, Uganda, Ukraine	0.02	A10	0.01	B8	0.03
<b>TOTAL</b>	<b>4.04</b>		<b>0.22</b>		<b>4.26</b>

<sup>1</sup> Since August 2008 all transit of military goods not involving partner/allied countries (EU/NATO+) has been subject to mandatory licensing. Where an EU/NATO+ partner is involved, mandatory notification applies. Information on those notifications is available on the website [www.rijksoverheid.nl/exportcontrole](http://www.rijksoverheid.nl/exportcontrole). Further information on the transit licences of which the value is reported here in Appendix 3 is also published on that website, be it not under transit reports but in the monthly returns for military goods.

**Appendix 4: Denials of licence applications and sondages in 2011  
notified in conformity with the EU Common Position  
(2008/944)**

<b>Date of notification</b>	<b>Country of final destination<sup>1</sup></b>	<b>Brief description<sup>2</sup></b>	<b>Recipient</b>	<b>End user</b>	<b>Reason for denial</b>
03-01-2011	Surinam	Hunting rifle	Private individual, Parimaribo	ditto	Criterion 7
08-03-2011	Libya	Military transport helicopter equipment	Piaggio Aero Industries s.p.a., Rome, Italy	Libyan Air Force	Criterion 1
07-07-2011	Taiwan	Armoured vehicle components	Industrial Technology Research Institute, Chungdong Township, Taiwan	ditto	Criteria 1 and 4
03-08-2011	Honduras from Israel	Machine pistols and assault rifles	Ministry of Defence	ditto	Criterion 2
25-08-2011	Israel	Wind tunnel test data	BAE Systems, Jerusalem, Israel	ditto	Criteria 2, 3, 4, 6 and 7
25-08-2011	Israel	Wind tunnel test data	Rafael – Advanced Defense Systems, Haifa, Israel	ditto	Criteria 2, 3, 4 and 6
25-08-2011	Israel	Wind tunnel test data	Rafael – Advanced Defense Systems, Haifa, Israel	ditto	Criteria 2, 3, 4 and 6
29-09-2011	Israel	Wind tunnel test data	Israel Military Industries Ltd	ditto	Criteria 2, 3, 4 and 6
03-10-2011	Equatorial Guinea	Radar and fire control systems	Omnisys, Sao Paolo, Brazil	Equatorial Guinea Navy	Criterion 8
04-10-2011	Surinam	Pistol	Particulier, Parimaribo	ditto	Criterion 7
04-11-2011	Philippines	Percussions caps, diverse small calibre	Shooters, Guns & Ammo Corp (S.G.A.C.); Quezon City, Philippines	ditto	Criteria 2 and 7
17-11-2011	Djibouti via Sri Lanka	Hunting rifles and semi-automatic shotgun	Dolphin Services, Djibouti	Private security guards	Criterion 7 <sup>3</sup>
17-11-2011	Djibouti via Sri Lanka	Small-calibre ammunition	Dolphin Services, Djibouti	Private security service	Criterion 7 <sup>3</sup>
17-11-2011	Djibouti via Sri Lanka	Hunting rifles and semi-automatic shotgun	Dolphin Services, Djibouti	Private security service	Criterion 7 <sup>3</sup>
17-11-2011	Djibouti via Sri Lanka	Small-calibre ammunition	Dolphin Services, Djibouti	Private security service	Criterion 7 <sup>3</sup>
27-12-2011	Kenya via Cyprus	Semi-automatic hunting rifles	QPO-MSA, Mombasa	Private security service	Criterion 7 <sup>3</sup>
27-12-2011	Kenya via Cyprus	Small-calibre ammunition	QPO-MSA, Mombasa	service security service	Criterion 7 <sup>3</sup>

**Footnotes to Appendix 4**

<sup>1</sup> Where the word "via" is used under "Country of final destination", this refers to an intended export by way of the country mentioned to the likewise mentioned country of final destination. Where the word "from" is used, however, this refers to an intended transit from the country mentioned to the likewise mentioned destination by way of the Netherlands.

<sup>2</sup> Where dual-use goods are intended for army, police or security services of the intended country of final destination, the Netherlands will also notify any denied applications and sondages in the EU context

<sup>3</sup> Where the export of weapons is envisaged for private security services wishing to guard vessels sailing on certain shipping routes, the risk of diversion always has to be taken into account because as a rule it is likely that their arms are stored abroad and therefore represent risks, but it is equally relevant that the Dutch Government is not in favour of the presence of armed guards on board seagoing vessels.

**Appendix 5: Table showing Government disposals of surplus defence equipment in 2011<sup>1</sup>**

<b>Type of equipment</b>	<b>To/via<sup>2</sup></b>	<b>Country of final destination</b>	<b>End user</b>
Turret Crew Trainer Leopard 2 tank	n.a.	Portugal	Ministry of Defence
AN/ALQ-131 jammer pods	n.a.	Norway	Ministry of Defence
YPR-765, wheeled vehicles and trailers	n.a.	Chile	Ministry of Defence
F-16 aircraft components	n.a.	Chile	Ministry of Defence
Leopard 2 tank components	German firm, Krauss Maffei Wegmann	Canada and Turkey	Ministry of Defence
F-16 components	Dutch firm B.M. Aviation and US firm American Company Gorman Aviation Inc.	Indonesia	Ministry of Defence
Leopard 2 tank, test units	Spanish firm Star Defence Logistic & Engineering	Norway	Ministry of Defence
Leopard tank components	Via Dutch firm WIBA	Germany	Ministry of Defence
AACMI pods (flight instrumentation)	German firm Diehl BGT Defence GmbH	Spain and Israel	Spanish Ministry of Defence and Israel Aerospace Industries
Lynx helicopter components	n.a.	Denmark	Ministry of Defence
120 mm Leopard 2 tanks, 120 mm ammunition	n.a.	Denmark	Ministry of Defence
Leopard 2 tank, engines and gearboxes	Stork Special Products, Dutch firm	Unknown <sup>2</sup>	Unknown <sup>2</sup>
Spare parts, Patria armoured vehicles	n.a.	Estonia	Ministry of Defence
Diverse sales in Afghanistan	n.a.	USA, Austria, Lithuania NAMSA Luxemburg	Defence Ministries, NATO countries ?Namsa
<b>Total value of contracts</b>			<b>Approx. € 12 million</b>

**Footnotes to Appendix 5**

<sup>1</sup> The amount shown is based on the value of the contracts concluded in 2011. Actual delivery of the goods did not in all cases take place in 2011.

<sup>2</sup> Surplus defence equipment is occasionally sold to the original manufacturer. Occasionally sale of surplus defence equipment may also take place through a private firm on behalf of an end-user known and agreed at the sale or to a private firm for own use. A further alternative possibility is sale to a private firm in another EU/NATO+ country where the precise final destination and end-user of the equipment are as yet unknown. In that case an International Import Certificate serves to confirm that (re-)export if any will be subject to control by the relevant EU/NATO+ country.