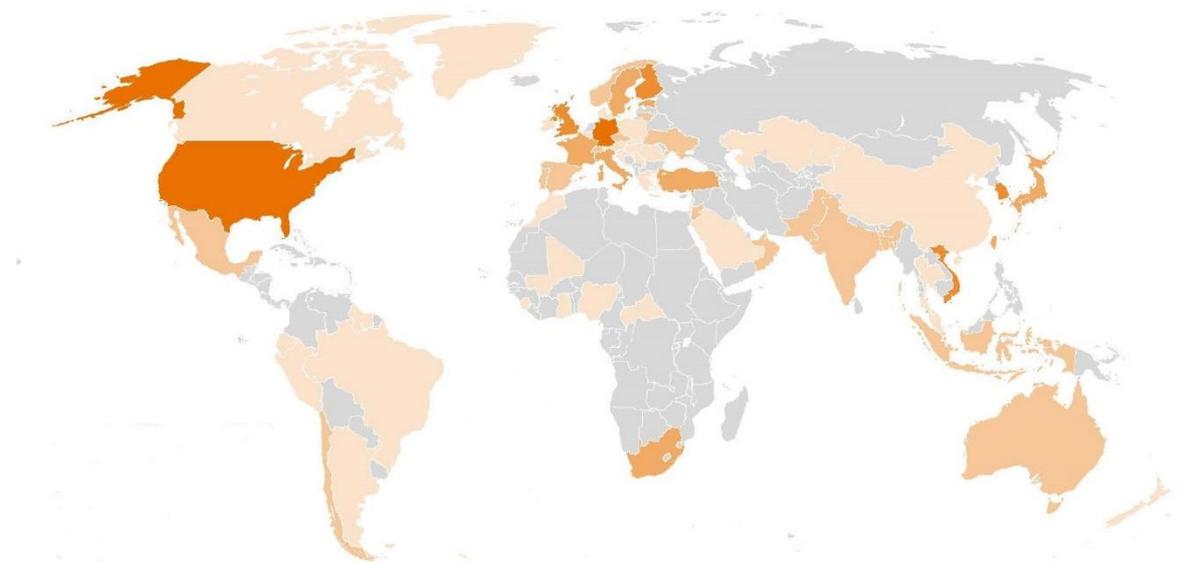


Dutch Arms Export Policy in 2018

Report by the Minister for Foreign Trade and Development Cooperation and the
Minister of Foreign Affairs on the export of military goods



July 2019

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1. Introduction

The present report on Dutch arms export policy in 2018 is the 22nd annual report drawn up in accordance with the policy memorandum on greater transparency in the reporting procedure on exports of military goods of 27 February 1998 (Parliamentary Paper, 22 054, no. 30). The report comprises:

Introduction and background

- a [profile](#) of the Dutch defence and security-related industry;
- an overview of the [principles](#) and [procedures](#) of Dutch arms export policy;

Export statistics for 2018

- a [quantitative overview](#) of Dutch arms exports in 2018;

Relevant developments

- developments regarding [transparency](#);
- relevant developments in the EU regarding [arms export policy](#) and [dual-use export policy](#);
- changes to the [Wassenaar Arrangement](#);
- developments regarding [other export control regimes](#) (dual-use goods);
- a description of efforts related to [arms control](#).

The report has eight annexes:

[Annexe 1](#) lists the values of export licences issued in 2018 by category of military goods and by country of final destination.

[Annexe 2](#) shows the trend in Dutch arms exports.

[Annexe 3](#) gives an overview of the reported use of general transfer licences NL003, NL004 and NL009.

[Annexe 4](#) contains an overview of licences issued for the transit of military goods to third countries.

[Annexe 5](#) lists the licence and sondage applications denied by the Netherlands.

[Annexe 6](#) provides an overview of the sale of surplus defence equipment in 2018.

[Annexe 7](#) contains key statistics regarding the export of dual-use goods, including an overview of export licences worth over €2 million for dual-use goods intended for military end use.

[Annexe 8](#) sets out the letters and replies to written questions sent to the House of Representatives in 2018 regarding arms export policy and policy on dual-use goods. This includes letters from the government to the House of Representatives that constitute [expedited notification](#) of several high-value licences.

2. Profile of the Dutch defence industry

The Dutch defence and security-related industry is characterised by high-value production, frequent innovation and a highly educated workforce. The companies and knowledge institutions in this sector serve both the defence market and the civilian market with products and/or services. In addition, there are companies that specialise, in part, in the production of classified military goods and related services, thus filling a niche in the defence market. Because of the limited size of the Netherlands' domestic market, the sector is highly export-oriented. No less than 68% of revenue comes from exports.

The most recent quantitative data on the defence and security-related industry was made available in 2016 on a voluntary basis by the companies concerned in the context of a study carried out by Triarii at the request of the Ministry of Economic Affairs and was communicated to the House of Representatives by letter of 28 April 2016.¹

Table 1, The Dutch defence and security-related industry in figures

Number of companies	354
Defence and security-related turnover in 2014	€4.54 billion
Defence and security-related turnover as a percentage of total turnover	15%
Value of defence and security-related exports in 2014	€3.09 billion
Number of jobs in the defence and security-related industry	24,800
Number of those jobs in the field of R&D	7,995

Source: Triarii 2016

The 354 companies associated with this industry are responsible for 24,800 jobs in the Netherlands. Thirty-two per cent of these jobs are related to research and development (R&D), and nearly two-thirds of those employed in the sector have a university degree or a higher professional education. The corresponding figure for the Netherlands as a whole is 28%. The sector is of major economic importance, not least because of its great capacity for innovation. The ever-growing level of knowledge and product innovation also give rise to new economic activity in both the military and civil sectors.

By working closely with the various branches of the armed forces, the sector also contributes directly to the operational deployability of the Dutch armed forces, and by extension it enhances the standing and effectiveness of the Netherlands' contributions to international missions.

The government's policy is aimed at positioning the Netherlands' defence and security-related industry and knowledge institutions in such a way that they are able to make a high-quality contribution to Dutch security. To this end, Dutch companies are involved in national military tenders either directly or, where possible, indirectly through industrial participation. This will also enhance their competitiveness in the European and international markets and

¹ House of Representatives, 2015-2016, 66, 31 125, annexe 739 187. An update of this study is expected before the summer of 2019.

within supply chains. This policy is described in the Defence Industry Strategy (DIS) that was presented to the House of Representatives in November 2018.² This updated DIS deals explicitly with the more active export policy and the promotion of trade. The government supports Dutch companies – including SMEs and startups – for example by supporting their participation in international trade fairs for the defence and security industry. The diplomatic network is also being deployed more actively to promote trade. This is also important in the context of European initiatives (EDF, EDAP, PESCO); export policy has an influence on whether Dutch companies participate in international consortia. Obviously, Dutch export policy will remain in full effect, and an advance assessment will be made of whether there is a risk that a potential trading partner is using material or knowledge to violate human rights or heighten domestic or regional instability.

Because the domestic market is too small to support the available expertise, the government also encourages international cooperation in the field of defence equipment. This has led to the establishment of commercial relationships with enterprises from various other countries, including Germany, the US, the UK and Belgium. This also involves joint commitments relating to systems maintenance and subsequent delivery of components.

The government regards the export activities of this sector as a prerequisite for preserving the Netherlands' knowledge base in this area. This does not alter the fact that limits must be imposed on these activities in the interests of strengthening the international rule of law and promoting peace and security. The government believes that, within these limits, the sector should be allowed to meet other countries' legitimate requirements for defence equipment. In light of these circumstances, the Dutch defence and security-related industry has pursued a policy of increasing specialisation. Companies that focus on exporting military products mostly manufacture high-value components and subsystems. An exception, however, is the maritime sector, which still carries out all production stages from the drawing board to the launch, thus contributing to the Netherlands' export of complete weapon systems.

The sector consists largely of small and medium-sized enterprises that generally operate in the supply chains for the major defence companies in Europe and the United States. The reason that the total value of defence and security-related exports is higher than the value of the export licences issued is that not all goods and services are subject to a licensing requirement.

In 2014, Dutch military production and services accounted for an estimated total turnover of €4.54 billion. This represents an average share of approximately 15% of the total turnover of the companies and organisations concerned. Most of them therefore focus primarily on developing their civilian activities, and only a few concentrate almost exclusively on the defence market. Approximately €3 billion worth of all exports of the Netherlands' defence and security-related industry (i.e. all goods and services, whether or not subject to a licensing requirement) are qualified as military exports.

² House of Representatives, 2018-2019, 31 125, no. 92.

3. Procedures and principles

3.1 Procedures

General

Export licences for military goods are issued on the basis of the General Customs Act (*Algemene Douanewet*) and the associated export control regulations. Companies or persons wishing to export goods or technology that appear on the Common Military List of the European Union³ must apply to the Central Import and Export Office (CDIU) for an export licence. The CDIU is part of the Groningen Customs Division of the Tax and Customs Administration, which in turn falls under the Ministry of Finance. On matters relating to military export licences, which are issued on behalf of the Minister for Foreign Trade and Development Cooperation, it receives its instructions from the Ministry of Foreign Affairs.

In principle, licence applications for the export of military goods to NATO and EU member states and countries with a similar status (Australia, Japan, New Zealand and Switzerland) are processed by the CDIU, on the basis of a procedure formulated by the Ministry of Foreign Affairs. The exceptions to this rule are Cyprus and Turkey. Applications for exports to these two countries – and all other countries – are submitted to the Ministry of Foreign Affairs for decision. In assessing licence applications against the eight criteria of the EU's Common Position on Arms Exports⁴ the Minister for Foreign Trade and Development Cooperation seeks foreign policy guidance from the Minister of Foreign Affairs. This guidance plays a key role in the final decision on whether or not to issue an export licence.

The normal licensing procedure applies to the disposal of surplus material of the Ministry of Defence. As with export transactions on the part of the business community, the Ministry of Foreign Affairs assesses such transactions against the criteria set out in the arms export policy. Prior to signing a sales contract for surplus Dutch weapons systems, the Minister of Defence will notify the House of Representatives. If this is not possible for commercial reasons, the Minister of Defence will notify the House of Representatives immediately after the contract is signed.⁵

The licensing procedure for the export of dual-use goods is largely the same. The main difference is that the assessment of applications is now conducted on the basis of the EU's Dual-Use Regulation, instead of the EU's Common Position on Arms Exports. An exception to this are dual-use goods that have a conventional military end use; these are still assessed on the basis of the Common Position.

3.2 Changes in 2018

As of 27 November 2018 the 'presumption of denial' policy was extended to include to all branches of the armed forces of countries involved in the military coalition led by Saudi Arabia which is

³ http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2017.097.01.0001.01.ENG&toc=OJ:C:2017:097:TOC

⁴ Official Journal of the European Union No. L 335 of 13 December 2008, pp. 99 ff., available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:nl:PDF>.

⁵ <https://www.rijksoverheid.nl/documenten/kamerstukken/2007/10/16/verkoop-overtollig-defensiematerieel>.

party to the conflict in Yemen. 'Presumption of denial' means that no export licence for military goods will be issued for these end users unless it can be incontrovertibly demonstrated that these goods will not be used in the conflict in Yemen. Dutch arms export policy already included a presumption of denial for deliveries to the Saudi army and air force. As of November 2018 this presumption was enlarged to include the UAE and Egypt and extends to all branches of the armed forces (i.e. not just the army and air force but also the navy). This more restrictive policy was prompted by the conclusion of the Group of Eminent International and Regional Experts on Yemen that the armed forces of the above-mentioned countries actively contribute to the maritime blockade along the coast of Yemen and can thus be held responsible for ensuing violations of humanitarian law.⁶

Further to this, the reader is referred to recent amendments to the ministerial order on general transit licence NL007 of 5 July 2012. This order relates to the transit of most military goods from the territory of allies (EU member states, NATO allies, plus Australia, New Zealand, Japan and Switzerland). The order does not apply to firearms, ammunition and complete systems. In light of the war in Yemen, Dutch arms export policy has been more restrictive for a number of years now with regard to countries involved in that conflict. In July 2016 the general transit licence NL007 was altered so that it could no longer be used for shipments bound for Yemen, Saudi Arabia, the UAE and Qatar. Because Qatar has gradually withdrawn from the conflict and Egypt, by contrast, has stationed naval ships off the coast of Yemen, NL007 was altered once again, in February 2019, to the effect that Qatar was replaced by Egypt as one of the destinations exempted from the general transit licence.

3.3 Principles

Licence applications for the export of military equipment are assessed on a case-by-case basis against the eight criteria of Dutch arms export policy, with due regard for the nature of the product, the country of final destination, the end user and the intended end use. These eight criteria were initially defined by the European Councils of Luxembourg (1991) and Lisbon (1992) and were subsequently incorporated in the EU Code of Conduct on Arms Exports (1998). On 8 December 2008 the Council of the European Union decided to transform the 10-year-old Code of Conduct into Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment.⁷ The 8 criteria read as follows:

1. Respect for the international obligations and commitments of member states, in particular the sanctions adopted by the UN Security Council or the European Union, agreements on non-proliferation and other subjects, as well as other international obligations.
2. Respect for human rights in the country of final destination as well as compliance by that country with international humanitarian law.
3. The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.

⁶ https://www.ohchr.org/Documents/Countries/YE/A_HRC_39_43_EN.docx
Official Journal of the European Union No. L 335 of 13 December 2008, pp. 99 ff., available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:nl:PDF>

4. Preservation of regional peace, security and stability.
5. 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. Behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law.
7. Existence of a risk that the military technology or equipment will be diverted within the buyer country or re-exported under undesirable conditions.
8. Compatibility of the exports of the military technology or equipment with the technical and economic capacity of the recipient country, taking into account the desirability that states should meet their legitimate security and defence needs with the least diversion of human and economic resources for armaments.

In essence the EU's Common Position on Arms Exports consists of the eight above-mentioned criteria and a mechanism for sharing information. This mechanism consists of (1) an obligation to notify all other member states when a member state rejects a licence application and (2) an obligation to hold bilateral consultations when a member state proceeds to consider an application that is essentially identical to another application that has previously been denied by another member state. The Common Position on Arms Exports also contains agreements between the member states on brokering, transit, intangible forms of technology transfer and production licences.

Albania, Bosnia and Herzegovina, Canada, Georgia, Iceland, Montenegro, North Macedonia and Norway have officially endorsed the criteria and principles of the Common Position. In 2017 Norway became part of the COARM online denial database, making it a participant in information exchanges between EU member states about denied licence applications and the consultations that are conducted through this system.

The Netherlands fully observes all arms embargoes imposed by the UN, the Organization for Security and Co-operation in Europe (OSCE) and the EU. An up-to-date overview of national measures implementing UN and EU sanctions, including arms embargoes, is available on the Dutch government's internet portal.⁸ The EU has a similar overview available online.⁹ In addition to the information that appears on these websites, it should be noted that an OSCE embargo against 'forces engaged in combat in the Nagorno-Karabakh area' has been in force since 1992, in accordance with a decision by the Committee of Senior Officials – the predecessor of the Senior Council – of 28 February 1992.

4. Transparency in Dutch arms export policy

4.1 Trade in military goods

The Netherlands is an international leader when it comes to transparency about the export and transit of strategic goods. In addition to its annual reporting obligations, including this

⁸ <https://www.rijksoverheid.nl/onderwerpen/internationale-sancties/documenten/rapporten/2014/04/23/sanctieregelingen-actuele-stand-van-zaken>

⁹ http://eeas.europa.eu/archives/docs/cfsp/sanctions/docs/measures_en.pdf.

report, the Netherlands publishes key information about all export licences for military and dual-use goods, and key information about the transit of military goods across Dutch territory. These data are derived from notifications submitted to the Central Import and Export Office (CDIU) under the reporting requirement for such transit shipments. The government has put links to all the various national and international reports drawn up by the Netherlands on this subject on its web portal.¹⁰

The present report on Dutch arms export policy in 2018 is the 22nd annual report since the policy memorandum of February 1998 on greater transparency in the reporting procedure on exports of military goods (Parliamentary Papers, 22 054, no. 30). It is based on the value of the licences issued by category of military goods and by country of final destination. To further enhance the transparency of the figures, the categories of goods are specified for each country of destination. This report also contains information about instances where the Netherlands has refused to issue a licence (see annexe 5). Data on transit licences issued has also been included in the present annual report (Annexe 4).

Since the 1990s a growing number of countries have published national annual reports on arms exports.¹¹ The Netherlands still ranks among the most transparent of these countries. The Small Arms Trade Transparency Barometer 2018 lists the Netherlands in second place and gives it the highest score of any country in the category 'comprehensiveness' (scope of reports, including transit, temporary export etc.).¹²

Accelerated parliamentary notification

Since 2012, the government has notified the House of Representatives about new licences for the permanent export of complete systems worth over €2 million to countries other than Australia, Japan, New Zealand, Switzerland and EU or NATO member states within two weeks of deciding to issue them. These notifications, which may or may not be confidential, are accompanied by an explanatory note. This happened three times during the 2018 reporting year. The relevant letters appear in Annexe 8.

4.2 Trade in dual-use goods

This report also contains an overview of key statistics related to the export of dual-use goods outside the EU, including the total number of export licences issued for the year in question (annexe 7).

4.3 Procedures

In addition to the present report on Dutch exports of military goods in 2018, information on Dutch arms export policy is also available through other sources. For instance, the Ministry of Foreign Affairs publishes a User Guide on Strategic Goods and Services online at www.rijksoverheid.nl/exportcontrole. This user guide is designed for individuals, companies

¹⁰ <https://www.rijksoverheid.nl/onderwerpen/exportcontrole-strategische-goederen/rapportages-dual-use-en-militaire-goederen>

SIPRI Yearbook 2015.

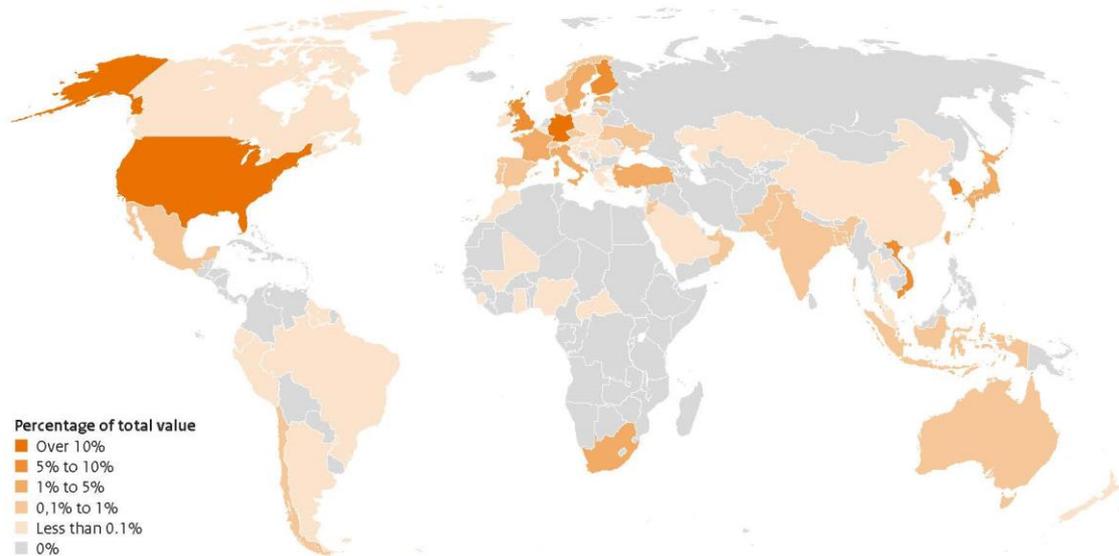
¹² <http://www.smallarmssurvey.org/fileadmin/docs/T-Briefing-Papers/SAS-BP-Transparency-Barometer-2018.pdf>

and organisations with a professional interest in the procedures governing the import and export of strategic goods. It contains information on the relevant policy objectives and statutory provisions and procedures, as well as a wealth of practical information. It is regularly updated in the light of both national and international developments.

5. Dutch arms export in 2018

Arms Export Licences for 2018

In 2018 the value of arms export licences amounted to €750.93 million.



N.B.: Non-country-specific global licences for allies accounts for 14,4% of the total. These are not included in the above map.

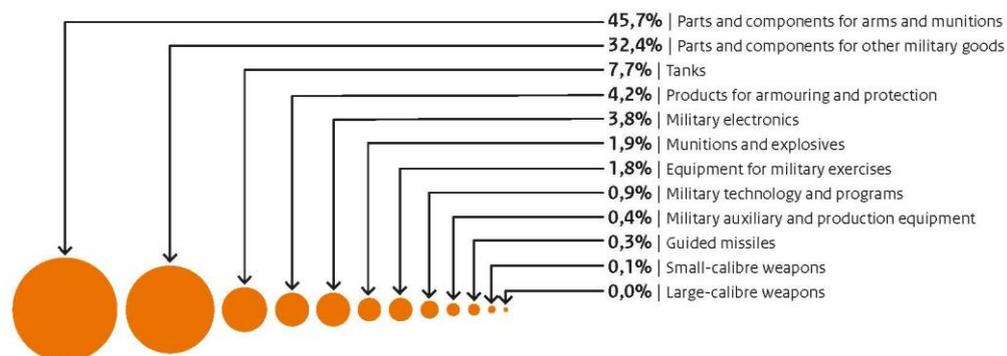


Figure 1, Overview of licences issued, broken down by final destination and type of good

The total value of licences issued in 2018 was €750.93 million (rounded to two decimal places). This is less than the previous year, when the figure was €804.62 million. The following table provides a regional breakdown of licences issued in 2018. The breakdown into regions in this table is the same as in the EU's annual reports on arms export control, which can be found on the EU website.¹³

¹³ https://eeas.europa.eu/headquarters/headquarters-homepage/8472/arms-export-control_en

Table 2, Regional breakdown of licences issued

Region	Value of licences issued (in millions of €)	Share of total (%)
North Africa	0.05	0.01%
Sub-Saharan Africa	20.64	2.75%
North America	144.07	19.19%
Central America and the Caribbean	3.70	0.49%
South America	1.76	0.23%
Central Asia	0.02	0.00%
Northeast Asia	66.84	8.90%
Southeast Asia	76.11	10.14%
South Asia	7.05	0.94%
European Union	272.23	36.25%
Other European countries	36.80	4.90%
Middle East	12.02	1.60%
Oceania	1.50	0.20%
Other EU/NATO+	108.12	14.40%
< €10,000	0.02	0.00%
Total	750.93	100.00%

Among the top-five countries of final destination in terms of total export licence values, the US ranks first, with a value of over €143 million, relating primarily to licences for deliveries to producers of military aircraft.

It is followed, in second place, by Germany, with a value of over €122 million. Much of this is made up of deliveries of parts and components for German producers of military vehicles.

In third place is the EU/NAVO+ (over €108 million). This includes general licences which allow the supply of components for – mainly – military aircraft and military vehicles to several allied countries, in particular EU member states, NATO allies, Australia, Japan, New Zealand and Switzerland.

In third place is Vietnam (over €66 million). This amount mainly relates to the delivery of the design, engineering and parts for four medium-sized (42 m) patrol vessels for the Vietnamese coastguard, which will be assembled locally, and the delivery of the design, the engineering and parts for a larger (93 m) ship for the Vietnamese navy, which will also be assembled locally. The latter ship will mainly be used to support the submarine service and to carry out hydrographic and oceanographic tasks.

In fifth place is South Korea, with a value of over €45 million, which is attributable almost entirely to the delivery of parts for the overhaul of radar and C3 systems that had previously been supplied for frigates of the South Korean navy.

In 2018, 87% of the Netherlands' exports of military goods consisted of components. That year, licences were also issued for system deliveries to countries of final destination that were not allies, specifically: a radar and C3 system for a frigate of the Egyptian navy (over €9.5 million),¹⁴ a refuelling system for a supply vessel of the Indonesian navy (over €2.2 million) and electro-optical systems and communication equipment for a previously delivered patrol vessel of the Mexican navy (over €3.7 million). The House of Representatives was informed of these system deliveries through the accelerated notification procedure. The relevant letters appear in Annexe 8.

The total value of export licences for military goods accounted for just over 0.15% of the total value of Dutch exports in 2018 (€495.87 billion). When comparing this percentage with international figures, it is important to note that both the Dutch private sector and the Dutch government are subject to mandatory licensing for the export of military goods. Only the equipment of Dutch military units that is sent abroad for exercises or international operations is exempt from mandatory export licensing. Unlike in some other countries, the sale of surplus defence equipment to third countries is thus included in the figures for the Netherlands.

6. Relevant developments in the European Union

6.1 Council Working Party on Conventional Arms Exports

EU cooperation on export controls for conventional weapons takes place mainly in the Council Working Party on Conventional Arms Exports (COARM). Representatives of the Ministry of Foreign Affairs participate in COARM meetings on behalf of the Netherlands. In COARM, member states share information on their arms export policies in the framework of the EU's Common Security and Defence Policy (CSDP) and seek to better coordinate those policies and the relevant procedures. In so doing, they promote policy harmonisation and strive to create a level playing field. The above-mentioned activities are based on Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, which was adopted by the Council on 8 December 2008.¹⁵

¹⁴ This licence for the Egyptian navy dates from May 2018, i.e. before the presumption of denial policy was introduced.

¹⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:nl:PDF>

The COARM meetings in 2018 focused chiefly on preparations for the fourth Conference of States Parties (Tokyo, 20-24 August 2018) to the UN Arms Trade Treaty. In addition, as in previous years, COARM discussed several specific destinations, with the Netherlands actively contributing to the exchange of information and thus to a more focused export policy. The Netherlands is a strong proponent of further harmonisation, as long as it leads to a race to the top, rather than the opposite.

In 2018 a start was also made on re-assessing the implementation of Common Position 2008/944/CFSP and the fulfilment of its objectives. The Netherlands plays an active role in this regard, chairing one of the four working groups in support of the re-assessment process. Because of the confidential nature of discussions within COARM, nothing can be said about the substance of the talks. It can however be observed in general terms that most EU member states are satisfied with the current Common Position, and there is very little interest in further developing it and harmonising its implementation. With this in mind the Netherlands is trying to focus on small, achievable steps, aimed at furthering transparency and harmonisation. The re-assessment is expected to be completed in 2019.

6.2 EU annual report for arms export for 2018

On 14 December 2018 the EU published its 20th annual report,¹⁶ which provides an overview of the subjects discussed in COARM. The report also contains detailed statistical data on exports of military equipment by the EU member states in 2017.¹⁷ It remains a challenge for all 28 member states to have their reports ready in time. Although some progress was made on this front, the Netherlands will continue to push for complete, on-time publication.

For each country of destination, the report provides information on the exporting member state, the number and value of licences issued, and licence denials. The information is arranged according to the categories of the Common Military List and is also set out per region and worldwide.

Since exports in support of international missions (UN missions) in embargoed countries often raise questions, the report includes separate tables summarising exports to such missions. Finally, it lists the number of brokering licences issued and denied and the number of consultations initiated and received by EU partners.

In 2017 the total value of export licences issued by EU member states was **€191.5 billion**. France was the largest exporter, accounting for €102.2 billion. It should be noted, however, that France changed its licensing system in 2014, as a result of which licences for *potential* orders are now also included in the total. Consequently, this figure is most likely an overestimate. The true contract value (i.e. the comparable figure for which licences are issued in the Netherlands) is surely lower.

¹⁶ [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018XG0214\(01\)&qid=1518776916646&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018XG0214(01)&qid=1518776916646&from=EN)

¹⁷ Unlike this report, the EU report does not cover 2018.

The Netherlands was in 10th place in the EU in 2017, with an export licence value of €805 million. The following table lists the total value of licences issued in 2017 by country, as well as each country's share of the total. Please note that there is no data available for Greece.

Table 3, European arms exports in 2017

Country	Value of licences issued	Share of total (%)
France	€102,223,647,198	65.41%
Spain	€21,084,955,725	13.49%
Italy	€9,513,881,629	6.09%
United Kingdom	€7,549,091,796	4.83%
Germany	€6,242,333,086	3.99%
Austria	€2,005,521,299	1.28%
Bulgaria	€1,389,199,340	0.89%
Poland	€1,081,220,260	0.69%
Sweden	€862,867,492	0.55%
The Netherlands	€804,623,543	0.51%
Belgium	€740,536,874	0.47%
Hungary	€584,332,596	0.37%
Czech Republic	€509,342,816	0.33%
Croatia	€453,231,892	0.29%
Romania	€264,153,520	0.17%
Slovakia	€228,862,569	0.15%
Denmark	€205,438,720	0.13%
Finland	€196,309,634	0.13%
Latvia	€88,938,736	0.06%
Estonia	€64,207,840	0.4%
Lithuania	€60,160,811	0,04%
Portugal	€59,394,303	0.04%
Slovenia	€50,907,034	0.03%
Ireland	€24,948,722	0.02%
Luxembourg	€2,202,199	0.00%
Malta	€545,877	0.00%
Cyprus	€231,549	0.00%
Total	€191,452,300,122	

The EU's annual report further indicates that member states issued a total of 39,639 licences and that 314 licence applications were denied and reported. The number of rejected licences is comparable to the figure for 2016 (318). There were a total of 137 consultations between EU member states regarding licence denials.

In 2017 the Netherlands was involved in a total of 39 consultations. Thirteen of these were initiated by the Netherlands, and on 26 occasions the Netherlands was consulted by other member states.

6.3 Council Working Party on Dual-Use Goods

On 28 September 2016 the European Commission published a proposal on amending the Dual-Use Regulation. Shortly thereafter, the Council Working Party on Dual-Use Goods opened discussions on the proposal. The first review of the individual articles was completed in 2017. A more in-depth review of the specific texts on a theme-by-theme basis was conducted in 2018.

The Netherlands supports the general thinking behind the Commission's proposal to modernise the Dual-Use Regulation. More specifically, the Netherlands supports the expansion of export controls on cyber surveillance goods with a view to protecting human rights. Finally, the Netherlands is taking a critical look at the feasibility of the various aspects of the proposal, distortions to the level playing field around the globe, and ways of limiting the administrative burden for both the public and private sectors.

Negotiations within the Council on amending the Dual-Use Regulation proceeded slowly in 2018. The main point of contention was the above-mentioned controls on cyber surveillance technology. In 2018, under the Austrian Presidency, a division emerged within the Council between member states that support controls for cyber surveillance technology in relation to human rights and member states that feel that this issue should be dealt with at national level. In December 2018 it transpired that there was not yet a qualified majority to adopt a common position on introducing controls for cyber surveillance technology.

Given the protracted stalemate in the Council and member states' shared responsibility for arriving at a common position, the Council adopted a mandate in June 2019 to negotiate with the European Parliament. Unlike the Commission's proposal, no required majority was found in the Council to introduce export controls for cyber surveillance technology via the Dual-Use Regulation. Both in the Council and bilaterally, the Netherlands has actively pushed for the adoption of such controls, and it regrets the fact that there is insufficient support for this in the Council. The Netherlands will work to ensure that this issue remains on the agenda in the future.

With this mandate the Council aims to make necessary changes to the EU export control system in the light of changing technological, economic and political circumstances. Another

purpose of the mandate is to simplify and enhance the current rules imposed by the Dual-Use Regulation. Finally, the mandate seeks to further optimise the EU licensing structure. The mandate is particularly concerned with:

- further harmonisation of the licensing procedure, by way of introducing a number of new general EU export licences; and
- harmonisation of controls governing the provision of technical assistance.

7. The Wassenaar Arrangement

7.1 General

At the broader multilateral level, developments in the field of 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, 42 countries, including the United States, Russia and all EU member states with the exception of Cyprus, participated in this forum, which owes its name to the town where the negotiations to establish the Arrangement were conducted in 1995, under the chairmanship of the Netherlands.¹⁸ It is estimated that these countries jointly account for over 90% of global military exports.

The aim of the WA, as stated in the 'Initial Elements',¹⁹ is to contribute to regional and international security and stability. This is achieved through regular information sharing on the export to third countries of arms and goods that can be used for military ends. The ultimate goal is to promote greater knowledge and a stronger sense of responsibility in the national assessment of licence applications for the export of such goods. After all, more information will enable the participating states to assess more accurately whether the build-up of military resources is having a destabilising effect in certain countries or regions. If so, they should exercise greater caution when considering licence applications for these destinations.

The Wassenaar Arrangement maintains both a list of dual-use goods that applies to the Netherlands on the basis of the EU Dual-Use Regulation and a list of military goods that are to be subject to export controls. Any revision of the WA list results in the amendment of the EU Common Military List and the control list of the EU Dual-Use Regulation. As regards Dutch export controls on military goods, the Strategic Goods Implementing Regulations refer directly to the most recent EU Common Military List. The same applies to export controls on dual-use goods.

7.2 Amendments

In line with its mandate, and with a view to ensuring effectiveness and support, in 2018 the Expert Group of the Wassenaar Arrangement continued its regular consultation on updating the list of controlled military and dual-use goods. The group discussed including various emerging technologies with military potential and the removal of technologies that are no

¹⁸ In 2018 only Cyprus was not yet a member due to Turkish objections.

¹⁹ The Initial Elements can be consulted on the website of the Wassenaar Arrangement: www.wassenaar.org.

longer critical or that are widely available.²⁰ 'Scope-neutral interpretations' of control texts were also discussed. In December 2018 the results – various changes across the controlled categories²¹ – were put to the Plenary Meeting, which adopted them.

In both the confidential General Working Group sessions during the year and the concluding Plenary Meeting, a great deal of time and attention were devoted to the situation in eastern Ukraine, but differences of opinion between the participants made it impossible to include anything about this issue in a public statement. Ultimately, the matter was dropped entirely. In the end the replacement 'Statement issued by the Plenary Chair' merely stated that '[p]articipating States continued to exchange information on transfers and dual-use goods and to assess the risks associated with illicit arms flows to specific geographic regions of concern, including areas of conflict'.

Further information on the best-practice guidelines, the WA's principles and goals, and current developments is available on the WA's website at: <http://www.wassenaar.org>. This website also provides access to the organisation's public documents.

8. Developments in other export control regimes

This section briefly examines the key developments in the relevant export control regimes for dual-use goods.

The Netherlands is party to the various international export control regimes, and has played an active role in them for years. In the area of non-proliferation, these are the Australia Group (AG) and the Nuclear Suppliers Group (NSG) – which focus on biological/chemical weapons and nuclear weapons, respectively – and the Missile Technology Control Regime (MTCR), which focuses on the means of delivery for such weapons (ballistic missiles and unmanned aerial vehicles). Countries which participate in these regimes make agreements on export control policy and exchange information on programmes for weapons of mass destruction and their means of delivery in states of concern. The countries also share their experiences with regard to enforcement. The countries participating in the respective regimes have also drawn up control lists for components, production technologies, materials, software and technology for which an export licence is mandatory. These lists are regularly updated to keep pace with technological developments. All four regimes have addressed the issues of brokering and transit. Under, *inter alia* UN Security Council resolution 1540, which introduced a ban on the provision of support to non-state actors (e.g. terrorist organisations) that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons, states must operate effective export controls, including

²⁰ The government's broader efforts with regard to the use of new technologies as weapons systems (or parts thereof) are described in a letter to parliament on this subject of 13 May 2019 (Parliamentary Paper 33 694, no. 45).

²¹ For example, the control list has been expanded to include quantum-resistant cryptography algorithms, air-launch platforms for space-launch vehicles, electromagnetic pulse (EMP)-resistant software and explosives. See also https://eeas.europa.eu/sites/eeas/files/wa_plm_2018_chair_statement_2018_plenary_6_dec_0.pdf

controls on transit and brokering. EU member states implemented these requirements in the Dual-Use Regulation of 2009. The regimes are also discussing the possible accession of new members and unilateral compliance with guidance documents and goods lists by non-partner countries.

8.1 Nuclear Suppliers Group (NSG)

The NSG is a group of 48 nuclear supplier states, which all (potentially) export goods and technology that can be used in the production chain for nuclear weapons. The group seeks to curb the proliferation of nuclear weapons by controlling the export of nuclear and related goods and technology without needlessly hindering non-military applications of such goods and technology and their further development.

At the plenary meeting in Jūrmala, Latvia in June 2018 the NSG discussed global developments and challenges, including the situation in North Korea and Iran. The members also discussed the membership applications of India and Pakistan. In May 2016 India applied for membership of the NSG in the hope of swift accession, but a general discussion about NSG participation on the part of non-NPT states did not lead to a consensus. This discussion will continue in 2019. The Netherlands is in favour of India's membership of the NSG, but it has also expressed a wish to see a demonstration of India's commitment to the principles of non-proliferation. Nuclear cooperation between China and Pakistan was another item on the agenda.

The NSG Guidelines and Control List was also modified in a number of respects. In 2018, as in previous years, the confidentiality of talks within the NSG remained a subject of discussion, and this was addressed by creating a set of confidentiality guidelines. In addition to outreach activities to other countries to raise awareness of the NSG and adherence to its guidelines, attention was also given to the matter of outreach to the business community and academia.

In 2019 Kazakhstan succeeded Latvia as chair of the body.

8.2 Australia Group (AG)

The Australia Group is an international export control regime aimed at ensuring that the legitimate trade in dual-use goods and technology is not used for the production of chemical or biological weapons. This is done through coordinated export controls, the exchange of information and outreach. The members met twice in 2018, in London and in Paris. At the meeting in London a dialogue was held with non-members from Africa to share experiences on export controls.

In January 2018 the AG welcomed India as the 43rd member of the export control regime.

The members of the AG also expressed their serious concern about the resurgence in the use of chemical weapons – in contravention of international laws and norms that prohibit the use of these horrendous weapons. In that spirit the members released a statement calling on Syria to halt the use of chemical weapons and to comply fully with the requirements of the Chemical Weapons Treaty. The members of the AG also expressed their concern about the nerve-gas attack in March 2018 in the UK. In addition the members of the AG condemned the use of nerve gas in the murder of a North Korean national in Malaysia in February 2017.

At the same time the members of the AG welcomed the special session of the Conference of States Parties of the OPCW in late June in The Hague, which was convened to discuss additional, stronger measures to enhance the Chemical Weapons Treaty and expand the mandate of the technical secretariat. The members of the AG expressed their support and appreciation for the independent and impartial work of the OPCW. At the plenary session in Paris, a briefing was held on the International Partnership Against Impunity for the Use of Chemical Weapons. Countries that are not yet members of the body were called upon to join.

8.3 Missile Technology Control Regime (MTCR)

The Missile Technology Control Regime (MTCR)²² combats the proliferation of delivery systems for weapons of mass destruction, such as ballistic missiles, unmanned aerial vehicles (UAVs) and cruise missiles. Its members pursue a common policy and maintain a jointly agreed control list of goods that are subject to export controls. The list, which is also known as the Annex, is reviewed regularly, most recently in November 2018.

The MTCR Annex is the global standard for export controls for missile technology, and it is applied not only by the countries that are party to the Regime but also by international organisations like the UN. Whereas previously the MTCR focused almost exclusively on state missile programmes, in recent years it has begun turning its attention to the growing threat posed by terrorist organisations like ISIS.

²² www.mtcr.info

The regime, which was established in 1987 by the then G7 (Canada, Germany, France, Italy, Japan, the United Kingdom and the United States), in order to combat the proliferation of missile technology at a time when various countries in the Middle and Far East and in South Asia were attempting to acquire their own missile capabilities. In this connection the MTCR initially focused on ballistic missiles as a delivery system for nuclear weapons. This formed the basis for the limits for range (300 km) and payload (500 kg), which remain the accepted standard. Since 1992 all unmanned delivery systems for all types of weapons of mass destruction have fallen within the scope of the MTCR. The Netherlands plays an active role within the MTCR, at the level of both policy and within the regime's expert groups. Since its founding the MTCR has expanded to include 35 countries, and since 2014 there has been a category of countries (known as 'adherents') that have officially pledged to observe the Guidelines and Annex. This category currently includes Estonia and Latvia. In October 2019 New Zealand will take over as chair of the MTCR.

9. Arms control and the regulation of the international arms trade

There are various current issues in the area of arms control that are relevant to arms export policy.

9.1 Cluster munitions

On 23 February 2011 the Netherlands ratified the Convention on Cluster Munitions, which accordingly entered into force for our country on 1 August 2011. As of March 2018, 103 states were party to the Convention, and 17 other countries have signed but not yet ratified it. A ban prohibiting financial institutions from investing directly in cluster munitions has been in force in the Netherlands since 1 January 2013.²³

The UN Secretary-General and the President of the International Committee of the Red Cross have described the convention as a new norm of international humanitarian law. The Dutch government endorses this view and is actively committed to promoting the ratification and implementation of the Convention. Since September 2018 the Netherlands has been co-coordinator for International Cooperation and Assistance. It will hold this position until the conclusion of the Second Review Conference in 2020.

The Netherlands also endeavours to involve other countries in the Convention and help strengthen the norm of non-use of cluster munitions. It does this through various multilateral forums, including the UN General Assembly. At meetings of the parties to the Convention on Cluster Munitions, the Netherlands has condemned the use of cluster munitions in Syria and called the parties' attention to reports of the use of cluster munitions in Libya, Ukraine, Sudan and Yemen.

²³ <http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2012/03/21/kamerbrief-over-uitwerking-van-het-verbod-op-directe-investeringen-in-clustermunitie.html>

9.2 Land mines

In 2018 the Netherlands financed three non-governmental organisations through the Humanitarian Demining Programme 2016-2020: the Mines Advisory Group, the Halo Trust and Danish Church Aid. Under the current programme these three organisations conduct activities in 14 countries and one territory: Afghanistan, Colombia, the Democratic Republic of the Congo, Iraq, Kosovo, Lebanon, Libya, Mali, the Palestinian Territories, Somalia, South Sudan, Syria, Ukraine and Yemen. The Netherlands also makes an annual contribution to the UNMAS Voluntary Trust Fund. It also made a one-time contribution of €3 million to UNMS Afghanistan. In 2018 nearly €16 million was spent on demining projects worldwide by financing humanitarian demining NGOs and UNMAS. The Netherlands remains one of the largest donors in this area worldwide. In 2018, thanks in part to contributions from the Netherlands, over 18 million square metres of land was cleared of explosive remnants of war.

It is also actively committed to the multilateral process. In 2018 the Netherlands (together with Switzerland (chair), Chile and Colombia) was a member of the Committee on Article 5 Implementation under the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction. The purpose of this committee is to ensure that the states parties comply with their obligations under the convention, as set down in article 5, with regard to the clearing of anti-personnel mines and mine-risk education. In this connection the committee assesses applications requesting an extension of the clearance deadline that states parties with clearance obligations are required to submit. During its time on the committee the Netherlands sought to clarify the definitions of landmines (including anti-personnel mines) under the convention, so that it could include new developments, such as an increase in the number of improvised anti-personnel mines. The Netherlands became chair of the committee in 2019. The Netherlands' chief concern as chair of the committee is to ensure that extension applications for seven countries whose clearance deadline will expire in 2020 are handled properly, to contribute to the further clarification of obligations under article 5 and to work together effectively with the other convention committees. The other members of the committee are Austria, Canada and Colombia.

9.3 Small and light weapons (SALW)

The Netherlands remains firmly committed to preventing the uncontrolled spread of small arms and light weapons (SALW) and related ammunition. It seeks to reduce the number of victims of gun violence, armed conflict and crime. This contributes to safety and stability – which are prerequisites for sustainable development and the achievement of poverty reduction goals.

Tackling SALW-related problems is a key issue in the field of arms control. In recent years efforts have focused on multilateral developments (e.g. the adoption of the UN Arms Trade

Treaty), on the one hand, and attempts to deal with these problems in the framework of more wide-ranging security projects focusing on public safety, on the other.

These multilateral efforts have produced numerous international and regional agreements, such as the UN Programme of Action on small arms and light weapons (2001) and the Geneva Declaration on Armed Violence and Development (2006). In 2018 the Netherlands continued to contribute actively to their development and implementation. In doing so it worked closely with local and regional NGOs and research institutes in countries including Libya.

UN Programme of Action

The UN Programme of Action obliges states to pursue active policies to deal with the problems associated with SALW at national, regional and international level. This includes the development and implementation of relevant legislation, the destruction and secure storage of surplus arms and ammunition, improved cooperation between states – for example in relation to identifying and tracing illegal arms – and assisting and supporting countries and regions that lack the capacity to implement the measures set out in the programme.

Review conferences on the Programme of Action are held every five years; the third such conference was held in June 2018. During the two weeks of negotiations, agreements were made to ensure that the Programme of Action will remain relevant and effective in the current period. The revised Programme of Action contains, among other things, a more explicit recognition of the challenges that result from the increased use of arms by non-state actors like terrorists or transnationally operating criminal organisations which are difficult to trace and regulate. In comparison to 2001 we now have much more knowledge about the various consequences of use of weapons for men, women, boys and girls; this is why it has now been agreed that in their legislation on firearms and in implementing the Programme of Action, countries should take account of these consequences and collect and exchange information on this subject.

EU

EU member states report annually on national activities aimed at implementing Council Joint Action 2002/589/CFSP on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons. These national reports and reports on relevant EU activities are combined in a joint annual report to which the Netherlands contributes every year. On 19 November 2018 the European Council adopted a new EU strategy²⁴ against illicit firearms, small arms and light weapons (SALW) and their ammunition. The strategy, which is entitled 'Securing Arms, Protecting Citizens', replaces the

²⁴ <http://data.consilium.europa.eu/doc/document/ST-13581-2018-INIT/nl/pdf>

original strategy (adopted in 2005) and takes account of the new security situation in Europe.

OSCE

The Netherlands supports the approach of the Organization for Security and Co-operation in Europe (OSCE) to oppose the spread and accumulation of illegal SALW. It has committed itself to sharing information on this issue via the Programme of Action FSC.DEC/2/10.²⁵

9.4 UN Arms Trade Treaty

A crucial element of the UN Arms Trade Treaty is that it obliges states parties to set up national export control systems for conventional arms, thereby nudging the world in the direction of a more responsible international arms trade system. The Treaty's assessment criteria are similar to several criteria that already apply under the EU's Common Position on Arms Exports: compliance with international embargoes, no cooperation in violations of international humanitarian law or human rights and mitigation of the risk of diversion of conventional arms to the illicit market or for unauthorised use.

The Treaty was adopted by the UN General Assembly on 2 April 2013. It was opened for signature on 3 June 2013, at which time it was signed by the Netherlands and 66 other UN member states. On 25 September 2014 the 50 required ratifications were reached, and the Treaty consequently entered into force three months later, on 24 December 2014. Given that the Senate approved the Treaty on 9 December 2014, and the Netherlands submitted the instrument of ratification before 24 December 2014, the Netherlands was among the first group of countries for which the Treaty entered into force. As of June 2019, 104 countries were party to the treaty. The country to ratify the treaty most recently is Canada (in June 2019). It will enter into force for Canada in September 2019. Thirty-two other countries, including the United States, have signed the treaty but not ratified it.²⁶ In April 2019 President Trump announced his intention to withdraw the US signature from the treaty.²⁷ The Netherlands was disappointed by this announcement and will work to ensure that the US remain constructively involved in the ATT in the future.

The Netherlands made an active contribution to the second Conference of States Parties on 20-24 August 2018 in Tokyo and the preceding working group meetings (in Geneva). The Netherlands believes that it is vital for experts from the individual countries to be present at working group meetings on both the implementation of the Treaty, and on the Treaty's reporting obligations. With this in mind, the Netherlands again contributed to the Sponsorship Program, which enables low-income countries to attend ATT meetings. Thus far, the Netherlands is the only country to enter into a multi-year commitment (2019-2021) to

²⁵ <http://www.osce.org/fsc/68450>

²⁶ <https://thearmstradetreaty.org/treaty-status.html?templateId=209883>.

²⁷ <https://www.whitehouse.gov/briefings-statements/presidential-message-senate-united-states-withdrawal-arms-trade-treaty/>

this programme. In addition, the Netherlands made a multi-year financial contribution to the ATT monitor²⁸ (2018-2020).

Finally, the Netherlands submitted the annual ATT report, which can be found on the public ATT website.²⁹

9.5 UN Register of Conventional Arms and legislative transparency

UN Register of Conventional Arms³⁰

Every year, the UN Register of Conventional Arms, which was established in 1991 at the initiative of the Netherlands and several other countries, provides information on the countries of export, transit (where relevant) and import of military goods, as well as on the volume of the flow of goods, which are divided into the following categories: I. battle tanks; II. armoured combat vehicles; III. large-calibre artillery systems; IV. combat aircraft; V. attack helicopters; VI. warships; VII. missiles and missile launchers and finally VIII. small and light weapons.

The Register also contain information on 'military holdings' (where countries indicate, per category, how much of each weapon they possess) and 'procurement through national production' (where countries indicate how much they have produced of each category of weapon for their own use).

Since its inception, more than 170 countries have at some time submitted reports to the Register. This includes all the major arms-producing, -exporting and -importing countries. In this way the Register sheds light on much of the global arms trade. The UN Register is a confidence-building measure: by having countries report both their exports and their imports, it is possible to link imports and exports, thereby bringing discrepancies to light. In this way the Register promotes transparency and combats the accumulation of excessive stocks of conventional arms.

²⁸ <http://controlarms.org/en/att-monitor-report/>

²⁹ <https://thearmstradetreaty.org/annual-reports.html?templateId=209826>

³⁰ <https://www.un.org/disarmament/convarms/register/>

If the Register is to be effective, universal participation is essential. The United Nations Office for Disarmament Affairs (UNODA) is responsible for compiling the data submitted by the member states. Unfortunately, not all countries report every year, and the total number of countries submitting reports is also on the decline. Whereas in 2005 115 countries submitted reports, by 2015 that number had fallen to 41. For its part the Netherlands submits a report every year and presses for universal and consistent participation in the submission of reports. The Netherlands considers it crucial that countries submit their annual reports, even if these take the form of 'nil reports' because they did not import or export any goods in one or more of the above-mentioned categories during the year in question. The Netherlands is also in favour of keeping the scope of the Register up to date, so that all important import and export flows are captured by the Register.

UN General Assembly resolution on legislative transparency

From 2002 to 2004, during the UN General Assembly the Netherlands submitted a resolution on national legislation on transfer of arms, military equipment and dual-use goods and technology every year. From 2005 to 2013, the year the ATT was adopted by the UN General Assembly, it submitted the resolution every other year. The Netherlands most recently submitted the resolution in 2016. The resolution urges UN member states to share information on their national legislation in the field of arms exports.

Under the terms of the resolution an electronic UN database has been established to store and provide easy access to legislative texts and other information shared by the participating states. It currently contains contributions from 66 countries, including the Netherlands. Since the ATT entered into force, a reporting obligation has applied to all ATT member states, which now must report to the ATT Secretariat instead of the UNODA database. As more countries become party to the ATT, the importance of the UNODA database will decline, and the practice of reporting to the UNODA database is expected to become less common.

Annexe 1: Licences issued for the export of military goods

Overview of the value of licences issued in 2018 for the permanent export of military goods by category of goods and by country of final destination.

Methodology

The values reported below are based on the value of the licences for the permanent export of military goods issued during the period under review. The licence value represents the maximum export value, although this may not necessarily correspond to the value of the exports actually completed at the time of publication. Licences for temporary export have been disregarded in these figures, on the grounds that they are subject to a requirement to reimport. These usually concern shipments for demonstration or exhibition purposes. On the other hand, licences for trial or sample shipments are included in the figures because they are not subject to this requirement due to the nature of the exported goods. Licences for goods that are returned abroad following repair in the Netherlands are similarly not included in the reported figures. In such cases, however, the goods must have been part of a prior shipment from the Netherlands, whose value will therefore have been reflected in a previous report. Without these precautions, the inclusion of such 'return following repair' licences would lead to duplication. Licences whose validity has been extended do not appear in the figures for the same reason. This also applies to licences that are replaced for reasons such as a recipient's change of address. However, if the value of the extension or replacement licence is higher than that of the original licence, the surplus will obviously be reported.

For the purpose of classifying licence values for individual transactions by category of military goods, it was necessary in many cases to record additional spare parts and installation costs as part of the value of the complete system. Licence values for the initial delivery of a system are often based on the value of the contract, which may also cover such elements as installation and a number of spare parts. The value of licences for the subsequent delivery of components is included in categories A10 and B10. Finally, for the purpose of classifying licence values by category of military goods, a choice had to be made regarding the classification of subsystems. It was decided to differentiate according to the extent to which a subsystem could be regarded as being stand-alone or multifunctional. This has a particular bearing on the classification of export licences for military electronics. If such a product is suitable solely for maritime applications, for example, the associated subsystems and their components appear in category A10, as components for category A6 (warships). However, if such a product is not obviously connected to one of the first seven subcategories of main category A, the associated subsystems and their components appear in subcategory B4 or B10.

Table 4, Value (in € millions) of licences issued for the permanent export of military goods in 2018

Category A: 'Arms and munitions'	Value (in € millions)
1. Tanks	57.51
2. Armoured vehicles	-
3. Large-calibre weapons (> 12.7 mm)	0.02
4. Fighter aircraft	-
5. Attack helicopters	-
6. Warships	-
7. Guided missiles	2.01
8. Small-calibre arms (≤ 12.7 mm)	0.84
9. Ammunition and explosives	14.37
10. Parts and components for 'Arms and munitions' ³¹	343.07
Total for Category A	417.82

Category B 'Other military goods'	value (in € millions)
1. Other military vehicles	5.91
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	28.64
5. ABC substances for military use	-
6. Equipment for military exercises	13.22
7. Armour-plating and protective products	31.90
8. Military auxiliary and production equipment	3.46
9. Military technology and software	6.70
10. Parts and components for 'Other military goods' ³²	243.28
Total for Category B	333.11
Total for Category A & B	750.93

³² During the period under review, subcategory B10 (Parts and components for 'Other military goods') once again encompasses a large number of smaller shipments of electronic parts for military systems and parts for military aircraft and vehicles.

Table 5, Value (in € millions) of licences issued for the permanent export of military goods

Total for 2018 (in € millions)					
Country of destination	Cat. A	Breakdown	Cat. B	Breakdown	Total
Argentina	0.12	A10	-	-	0.12
Australia	-	-	1.50	B9, B10	1.50
Austria	0.01	A8	0.40	B10	0.41
Bahrain	0.02	A10	-	-	0.02
Bangladesh	1.10	A10	-	-	1.10
Belgium	0.25	A10	-	-	0.25
BES Islands	0.16	A8, A9	0.02	B7	0.18
Brazil	-	-	0.04	B10	0.04
Canada	0.07	A10	0.63	B4, B9, B10	0.70
CAR	-	-	0.10	B1	0.10
Chile	1.47	A10	-	-	1.47
China	-	-	0.20	B9, B10	0.20
Croatia	-	-	0.03	B10	0.03
Czech Republic	0.61	A10	0.24	B6, B10	0.85
Denmark	0.36	A8, A10	0.03	B10	0.39
Ecuador	0.05	A10	-	-	0.05
Estonia	20.25	A1, A10	3.09	A1, A6, A7	23.34
Finland	37.74	A1, A8, A10	-	-	37.74
France	4.42	A8, A9, A10	4.95	B4, B6, B8, B9, B10	9.37
Germany	80.29	A8, A9, A10	42.17	B4, B6, B7, B8, B9, B10	122.46
Ghana	0.05	A10	-	-	0.05
Greece	0.56	A10	0.03	B10	0.59
Guyana	-	-	0.03	B1	0.03
India	0.98	A10	3.94	B9, B10	4.92
Indonesia	0.10	A10	2.40	B9, B10	2.50
Ireland	0.60	A10	-	-	0.60
Israel	-	-	0.69	B7, B9	0.69
Italy	13.25	A9	0.92	B4, B6, B7, B8, B9, B10	14.17
Japan	11.61	A10	0.48	B8	12.09
Jordan	1.07	A10	-	-	1.07
Kazakhstan	-	-	0.02	B6	0.02
Kuwait	0.05	A10	-	-	0.05
Lebanon	0.03	A10	0.17	B10	0.20
Lithuania	-	-	0.99	B1, B8	0.99

Luxembourg	0.08	A10	-	-	0.08
Mali	-	-	0.38	B1	0.38
Malta	-	-	0.03	B10	0.03
Mexico	3.70	A10	-	-	3.70
Morocco	0.05	A10	-	-	0.05
Nigeria	0.05	A10	-	-	0.05
Norway	0.44	A7, A8, A10	2.50	B4, B9, B10	2.94
Oman	0.13	A10	6.09	B10	6.22
Pakistan	0.50	A10	0.53	B10	1.03
Peru	0.05	A10	-	-	0.05
Poland	0.25	A8, A9, A10	0.11	B6, B10	0.36
Portugal	4.34	A8, A10	-	-	4.34
Saudi Arabia	-	-	0.24	B4, B7, B10	0.24
Sierra Leone	-	-	0.14	B8	0.14
Singapore	5.74	A10	1.20	B4, B9	6.94
South Africa	19.92	A10	-	-	19.92
South Korea	44.50	A10	1.06	B9, B10	45.56
Spain	3.02	A8, A10	1.45	B4, B7, B9, B10	4.47
Sweden	5.61	A8, A9, A10	7.81	B6, B7, B8, B10	13.42
Switzerland	0.69	A7, A8, A10	2.10	B4, B6, B10	2.79
Taiwan	8.97	A10	0.02	B7	8.99
Thailand	0.13	A10	0.32	B10	0.45
Turkey	0.75	A8, A10	28.26	B7, B8, B9, B10	29.01
Ukraine	2.06	A10	-	-	2.06
UAE	1.71	A10	1.82	B1, B10	3.53
UK	30.71	A8, A9, A10	7.45	B4, B6, B8, B9, B10	38.16
USA	67.99	A3, A8, A9, A10	75.38	B1, B4, B6, B8, B9, B10	143.37
Vietnam	-	-	66.22	B9, B10	66.22
EU/NATO+	41.20	A7, A10	66.92	B4, B9, B10	108.12
Countries with export licence values below €10,000:³³					
Hungary, Malaysia, New Zealand, Romania, Serbia, Slovenia, Slovakia and Suriname	0.01	A8, A9	0.01	B1, B6, B9	0.02

³³ In the Netherlands the export of pistols and rifles for sport or hunting is also subject to mandatory licensing. If they are scheduled to remain abroad for an extended period, such firearms require a permanent export licence, even if they are accompanied by the owner. Some of the exports to countries of destination listed in the table as accounting for total export licence values below €10,000 involve transactions of this nature.

Total	417.82		333.11		750.93
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Annexe 2: Dutch arms exports, 2009 - 2018

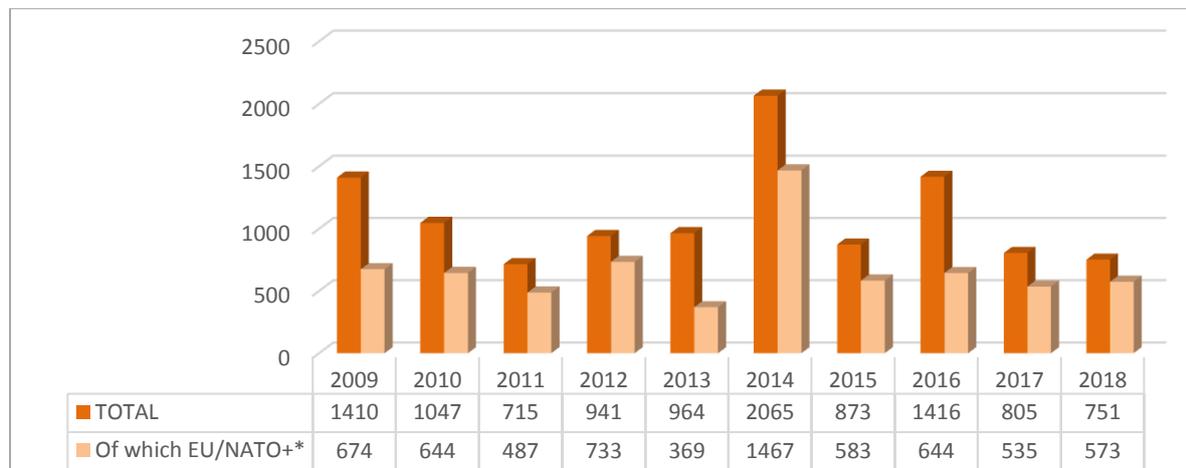


Figure 2, Value of licences issued, in € millions per year

* From the 2015 report onwards, in the table giving the value of licences issued for the permanent export of military goods by country of destination, the heading 'NATO other' has been replaced by the heading 'EU/NATO+' for the purpose of showing the value of global licences. As of 2015, therefore, in this diagram 'Of which NATO' should be read as 'Of which EU/NATO+'. In 2018 the following 29 countries were members of NATO: Albania, Belgium, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Montenegro, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Turkey, the United Kingdom and the United States. From 2015, this heading also includes the values for Australia, Finland, Ireland, Japan, New Zealand, Sweden and Switzerland.

Annexe 3 Use of general transfer licences

Overview of the value of general transfer licences NL003: Export (transfer) to armed forces of EU member states

NL004: Export (transfer) to certified recipients within the meaning of article 9 of Directive 2009/43/EC.

NL009: Export to parties belonging to the F-35 Lightning II programme.

Table 6, Value of reported uses of general transfer licences for the permanent export of military goods in 2018 under NL003 (armed forces) per country of destination

Country of destination	Value (€ millions)	Breakdown
Austria	0.06	ML10
Bulgaria	0.15	ML5
Denmark	1.04	ML5, 10, 11
France	3.06	ML5, 11
Germany	31.82	ML5, 6, 10, 11, 15
Greece	2.13	ML5
Italy	1.38	ML5
Malta	0.13	ML10
Norway	0.22	ML7
Poland	3.54	ML5, 21
Portugal	0.82	ML5, 10
Sweden	0.01	ML11
UK	25.34	ML5
Total	69.70	

Table 7, Value of reported uses of general transfer licences for the permanent export of military goods in 2018 under NL004 (certified recipients) per country of destination

Country of destination	Value (€ millions)	Breakdown
Belgium	7.43	ML5, 6, 15, 22
Denmark	1.97	ML4
France	5.03	ML10, 14, 15
Germany	7.40	ML2, 4, 5, 6, 9, 15, 17
Norway	0.15	ML7
Total	21.98	

Table 8, Value of reported uses of general transfer licences for the permanent export of military goods in 2018 under NL009³⁴ (F-35 Lightning II) per country of destination

Country of destination	Value (€ millions)	Breakdown
Canada	0.14	ML10
Italy	6.48	ML10
Japan	1.32	ML10
Turkey	0.21	ML10
United Kingdom	0.99	ML10
USA	119.19	ML10
Total	128.33	

³⁴ The general licence NL009 can also be used for transit in connection with the F-35 Lightning II programme. In 2018, this amounted to €191.74 million, 96% of which ultimately went to the United States.

Annexe 4: Transit of Military Goods

Table 9, Value of licences issued in 2018 for the transit of military goods

Country of destination	Category A (€ millions)	Breakdown	Category B (€ millions)	Breakdown	Total
Afghanistan	0.04	A8	-	-	0.04
Algeria	0.04	A9	-	-	0.04
Brazil	2.90	A8, A10	-	-	2.90
CAR	-	-	0.16	B1	0.16
DRC	-	-	0.08	B1	0.08
Jordan	1.45	A8, 9	-	-	1.45
Paraguay	0.02	A9, 10	-	-	0.02
Peru	-	-	0.30	B6	0.30
Qatar	0.05	A10	-	-	0.05
Singapore	0.38	A8	-	-	0.38
South Africa	0.32	A10	0.03	B7	0.35
Uganda	-	-	0.10	B10	0.10
Uruguay	-	-	0.30	B6	0.30
UAE	-	-	1.37	B6	1.37
Total	5.20		2.34		7.54

Annexe 5: Licence application denials

Licence application denials are also shared with EU partners in accordance with article 4 of Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment (formerly the EU Code of Conduct on Arms Exports).

Table 10, part A, Licence application denials in 2018

Country of destination	Brief description	Recipient	End user	Date Denied	Reason refused
Saudi Arabia	Secure data storage equipment	Logicom Saudi Arabia	Royal Saudi Air Force	06/02/2018	Criterion 2
Saudi Arabia	Secure data storage equipment	Saudi Business Machines	Ministry of the Interior, Public Safety Department	06/02/2018	Criterion 2
Pakistan	Fuel tanks for F-16 fighter aircraft	Pakistan Air Force	Pakistan Air Force	22/03/2018	Criteria 2 and 3
India	Slip rings	Bharat Electronics Limited	Ministry of Defence	19/04/2018	Criterion 4
Turkey	Components for military fighter helicopters	Aselsan Electronic Industries Inc.	Turkish Army	30/04/2018	Criteria 3 and 4
Turkey	MCP light panels	Aselsan Electronic Industries Inc.	Turkish Gendarmerie	03/05/2018	Criterion 3
Turkey	Components for military transport helicopters	Aselsan Electronic Industries Inc.	Turkish Air Force/ground troops	03/05/2018	Criteria 3 and 4
Myanmar	Cobra First Response Decontamination Case, Fog Booster and CB protective suit	Myanmar Trillion Group	Myanmar Trillion Group	09/05/2018	Criterion 1
Turkey	Components for military transport helicopters	Aselsan Electronic Industries Inc.	Turkish Gendarmerie	22-05-2018	Criteria 3 and 4
Saudi Arabia and Kuwait via Spain	Components for launch systems for Eurofighter 2000 Typhoon fighter aircraft	Indra Sistemas	Royal Saudi Air Force and the Kuwaiti Ministry of Defence	18/06/2018	Criterion 2
Egypt	Information security equipment	Alkan Telekom / Mantrac	Ministry of the Interior	01/08/2018	Criteria 2 and 7
Guyana	Semi-automatic firearms	Queensway Security Inc.	Queensway Security Inc.	04/09/2018	Criterion 7
Egypt	Acoustic sensor for detecting and localising gunfire	Egypt	Egypt	20/09/2018	Criteria 2 and 3
India	Acoustic sensor for detecting and localising gunfire	India	India	20/09/2018	Criteria 3 and 4

Pakistan	Acoustic sensor for detecting and localising gunfire	Pakistan	Pakistan	20/09/2018	Criterion 4
Saudi Arabia	Acoustic sensor for detecting and localising gunfire	Saudi Arabia	Saudi Arabia	20/09/2018	Criterion 2
Turkey	Acoustic sensor for detecting and localising gunfire	Turkey	Turkey	20/09/2018	Criterion 3
UAE	Acoustic sensor for detecting and localising gunfire	UAE	UAE	20/09/2018	Criterion 2
China via France	Components for night-vision goggles	Achats Systems/Atermes	Ministry of Defence	21/12/2018	Criteria 2 and 7

Table 10, part B, Sondage application denials in 2018

Country of destination	Brief description	Recipient	End user	Date of denial	Reason for denial
Iran	Simulation software	Maritime Information Technology Development	Iranian Navy	22/05/2018	Criterion 1
Iran	Simulation software	Maritime Information Technology Development	Iranian Navy	13/06/2018	Criterion 1
Israel	Security system	Elbit Systems	<i>Unknown</i>	13/06/2018	Criterion 7
Taiwan	Supply system	Taiwanese Navy	Taiwan Navy	21/06/2018	Criterion 1

Annexe 6: Surplus defence equipment

Table 11, Overview of licences for surplus defence equipment sold by the Netherlands to foreign parties in 2018

Type of equipment	To/via ³⁵	Country of final destination	End user
Ammunition	NLSE	Belgium	Ministry of Defence
SQUIRE (mobile ground-surveillance radar)		Belgium	Ministry of Defence
Spare parts for C-130	Air & Ground (US)	Belgium	Ministry of Defence
Pinpointers	NLSE	Belgium	Ministry of Defence
Environmental cabinet (camp Lowland Dagger)		Belgium	Ministry of Defence
Leopard spare parts	Gunter Langkopf Maschinenbau	Canada	Ministry of Defence
Tyne gas turbine	Maddex Turbine Services Ltd.	Canada	Maddex Turbine Services Ltd.
Helicopter spare parts	NLSE	Denmark	Ministry of Defence
Aircraft spare parts	NLSE	Denmark	Ministry of Defence
Lynx spare parts	NLSE	Germany	Ministry of Defence
Ammunition	Rheinmetall Waffe Munition GmbH	Germany	Rheinmetall Waffe Munition GmbH
Materiel of various types for MINUSMA		Germany	Ministry of Defence
Voltmeters	Star Defence Logistics & Engineering	Finland	Ministry of Defence
F-16 spare parts	ILN Technologies	Indonesia	ILN Technologies
Compressor	Al Haydar Group	Iraq	Al Haydar Group
Polaris Ranger ETX (2x)	Chroo Group Ltd.	Iraq	Chroo Group Ltd.
Various vehicles and spare		Jordan	Ministry of Defence

³⁵ Surplus defence equipment is occasionally sold to the original manufacturer. In some cases, it can also be sold through a private company to an end user who is known and approved at the time of sale, or to a private company for its own use. A further option involves selling to a private company in another EU/NATO+ country without yet knowing the specific final destination and end user of the equipment. In such cases, an International Import Certificate is used to ensure that any attempt to export or re-export the equipment in question will be subject to controls by the EU/NATO+ country concerned.

parts (DAF/YPR)			
Generators and field kitchens for DAF lorries		Lithuania	Ministry of Defence
Alouette (2x)		Malta	Armed Forces of Malta (AFM)
C-130 spare parts	Air & Ground (US)	Nigeria	Ministry of Defence
AB-412 spare parts	NLSE	Norway	Ministry of Defence
F-16 spare parts	NLSE	Portugal	Ministry of Defence
Various helicopter spare parts	NLSE	Portugal	Ministry of Defence
APECS power supply	NLSE	Portugal	Ministry of Defence
Various components for F-16 and Lynx	NLSE	Spain	Ministry of Defence
Lynx spare parts	Air & Ground (UK)	UK	Air & Ground (UK)
Lynx spare parts	Hayward & Green Defence Ltd.	UK	Hayward & Green Defence Ltd.
Stinger air defence system		UK	Ministry of Defence
Alouette spare parts	AeroXS	US	AeroXS
C-130 spare parts	Air & Ground (US)	US	Air & Ground (US)
F-16 spare parts	ATAC	US	ATAC
C-130 spare parts	Hayward & Green Defence Ltd.	US	MHD Rockland
F-16 spare parts	IN3 Aviation	US	IN3 Aviation
Shipping containers	Valiant Integrated Services	US	Valiant Integrated Services
Ammunition	Nammo SA	Sweden	Nammo SA
Total value of contracts			Approx. €19.55 miljoen

Annexe 7: Statistics on dual-use licence applications

Below is an overview of key information regarding licences issued in 2018 for the export of dual-use goods. Table 12 shows all licences (including denied applications), broken down into two categories: individual and global. Table 13 contains the top-10 final destinations outside the EU, and table 14 gives an overview of licences issued with a transaction value of over €2 million for dual-use goods with military end use.

Table 12, The number and value of licences issued and licence denials for dual-use goods in 2018

	Number of applications issued	Value (in € millions)	Number of applications denied	Value (in € millions)
Individual basis	375	186.6	18	5.4
Global basis	343	14,025.7	5	3.6
Within the EU	42	171.9	0	0.0
Catch all	20	0.8	10	0.3
Total	780	14,385.0	33	9.3

Table 13, Value of export licences for dual-use goods in millions of euros in 2018 (including general licences) for the top-10 countries of final destination outside the EU

	Country of destination	Value of licences issued (in € millions)
1	Taiwan	820.44
2	South Korea	497.29
3	United States of America	403.79
4	China	81.54
5	Singapore	71.98
6	Russia	67.44
7	Iran	57.40
8	United Arab Emirates	43.94
9	Israel	42.98
10	Saudi Arabia	27.92

Table 14, Overview of export licences worth over €2 million issued in 2018 for dual-use goods intended for military end use

Type of equipment ³⁶	Value (in € millions) ³⁷	Country of final destination	End user
Image intensifiers	2.07	South Korea	Armed Forces
Total rounded-off value of licences concerned			€2.07 million

In 2018 one licence worth over €2 million was issued for dual-use goods intended for military end use.

³⁶ Applications for dual-use goods destined for the military, police or security services in the country of final destination are assessed against the eight criteria laid down in the EU's Common Position on Arms Exports.

³⁷ The amount shown represents the value of licences issued in 2018. Some of the goods in question were not actually delivered in 2018. Licence renewals are not reported here again.

Annexe 8: Overview of communication with the House of Representatives

Overview of letters to the House of Representatives and responses to written questions concerning Dutch arms export policy and the policy on dual-use goods in 2018

8.1. Letters to the House of Representatives – arms export policy

18/04/2018, **Parliamentary Paper 22 054, no. 294**, Arms export policy; Letter from the government regarding the sale of materiel to Jordan

23/04/2018, **Parliamentary Paper 22 054, no. 295**, Arms export policy; Letter from the government regarding the request from the parliamentary committee on foreign trade and development cooperation for an assessment of the Stockholm International Peace Research Institute (SIPRI) report 'Trends in international arms transfers, 2017'

17/05/2018, **Parliamentary Paper 22 054, no. 297**, Arms export policy; Letter from the government regarding the 2017 report on Dutch arms export policy

01/06/2018, **Parliamentary Paper 22 054, no. 298**, Arms export policy; Letter from the government addressing the motion by MPs Sadet Karabulut and Bram van Ojik about the presence of communication equipment from the Netherlands in Saudi Arabian tanks

20/09/2018 **Parliamentary Paper 22 054, no. 301**, Arms export policy; Letter from the government regarding the list of questions and answers on the 2017 report on Dutch arms export policy

11/10/2018, **Parliamentary Paper 22 054, no. 302**, Arms export policy; Letter from the government in response to a request by the parliamentary committee on foreign trade and development cooperation on the delivery of acetone to Syria by a chemical wholesaler without a licence

13/11/2018, **Parliamentary Paper 22054, no. 303**, Arms export policy; Letter from the government regarding Dutch aims with regard to the Convention on Certain Conventional Weapons

8.2 Responses to written questions – arms export policy

01/02/2018 **Annexe to the proceedings 2017-2018, no. 1084**; the government's response to questions submitted by MP Sadet Karbulut about the delivery of two Fokker 70 aircraft that ended up in the possession of the Myanmar air force.

27/02/2018 **Annexe to the proceedings 2017-2018, no. 1301**; the government's response to questions submitted by MP Sadet Karbulut about Dutch involvement in the American modernisation of Saudi tanks

14/09/2018 **Annexe to the proceedings 2018-2019, no. 3232**; the government's response to questions submitted by MP Sadet Karbulut about a UN report on possible war crimes in Yemen

25/10/2018 **Annexe to the proceedings 2019-2019, no. 409**; the government's response to questions submitted by MP Sadet Karbulut about arms deliveries to Ukraine

19/11/2018 Parliamentary Paper, **Annexe to the proceedings 2018-2019, no. 698**; the government's response to questions submitted by MP Isabelle Diks about arms and patrol boats from the Netherlands being in the hands of military and paramilitary entities in Libya

05/12/2018 Parliamentary Paper, **Annexe to the proceedings 2018-2019, no. 900**; the government's response to questions submitted by MP Sjoerd Sjoerdsma about the news article 'Gaddafi verdween, maar Damen bleef geliefd in Libië' (Gaddafi is gone, but Damen remains popular in Libya)

10/12/2018 **Annexe to the proceedings 2018-2019, no. 896**, the government's response to questions submitted by MP Sadet Karabulut about the transit of military goods via Schiphol and other Dutch ports

18/12/2018 Parliamentary Paper, **Annexe to the proceedings 2018-2019, no. 971**; the government's response to questions submitted by MP Sadet Karabulut about Dutch life insurance firms' investment in arms manufacturers that supply Saudi Arabia

8.3 Letters to the House of Representatives – dual-use policy

29/08/2018, **Parliamentary Paper 22112, no. 2686**; Letter from the government on the state of negotiations on the Dual-Use Regulation within the EU

8.4 The government's responses to written questions – dual-use policy

26/04/2018 **Annexe to the proceedings 2018-2019, no. 1998**; the government's response to questions by MP Bente Becker on export controls for cyber surveillance goods

10/12/2018 **Annexe to the proceedings 2018-2019, no. 895**; the government's response to questions from MP Sadet Karabulut about the export of 'dual use' goods and arms to Saudi Arabia

8.5 Letters sent to the House of Representatives under the accelerated parliamentary notification procedure

In accordance with the letter of 10 June 2011 announcing a stricter arms export policy (Parliamentary Papers, 2010-2011, 22 054, no. 165) and the motion submitted by MP Arjan El Fassed and others on 22 December 2011 on lowering to €2 million the threshold triggering the accelerated parliamentary notification procedure for certain arms export licence applications (Parliamentary Papers, 2011-2012, 22 054, no. 181), the House of Representatives received the following letters in 2018:

Table 15, Overview of letters under the accelerated parliamentary notification procedure

Parliamentary Dossier	Number	Date	Country
22 054	296	14/05/2018	Egypt
22 054	300	13/07/2018	Indonesia
22 054	304	23/11/2018	Mexico