

Letter to Parliament

Date: 2 October 2009

Subject: Annual report on the Netherlands Arms Export Policy in 2008

With reference to the “Policy paper on greater transparency in the reporting procedure on exports of military goods” (Parliamentary Proceedings 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 Minister for Development Co-operation, to submit to you a report and appendices concerning the Netherlands Arms Export Policy in 2008.

This report, which is also to appear as an English-language publication of the Ministry of Economic Affairs, 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 and describes a number of international developments in the field of arms export controls.

The appendices to the report include tables showing the values of export licences issued by category of goods and by country of final destination in 2008, as well as tables stating transit licences issued and disposals of surplus defence equipment made in 2008. Furthermore the report includes a table listing licence denial notifications made to partner states in accordance with the EU Code of Conduct.

As stated in the introduction to the figures for 2008, the total value of licences issued in that year, rounded-off to two decimal places, amounted to € 1.257.67 million. That is a substantial increase relative to 2007, when the total value came to € 873.71 million, but the 2008 figure nevertheless matches well with the trend over recent years. In 2005 and 2006 the total licence value also exceeded € 1.1 billion. The fact that 2007 lagged the trend was due not so much to a decline in industrial activity but to lack of very large licences for disposals of surplus Netherlands defence equipment. Such licences were issued in 2008.

First place among the five principal destinations in the year under review is held by Portugal with a value of € 319.41 million, almost entirely attributable to the disposal of surplus M-class frigates and Leopard II tanks, while fifth place goes to Canada with a value of € 93.57 million, again almost entirely attributable to the disposal of Leopard II tanks. In between comes Indonesia in second place with a value of € 316.42 million, largely on account of a licence for two (new-build) corvettes, Germany – always among the top 5 – with a value of € 157.07 million in third place, mainly due to the supply of armoured vehicle and howitzer parts, and finally the “other NATO” category with a value of € 131,93 million in fourth place. In actual fact that category could also have included “the Netherlands” in the year under review because some € 127 million of its total relates to licences for the export of armoured vehicle parts to Germany

and Sweden and patrol vessel parts to Romania, all those vehicles and vessels being ultimately destined for the Netherlands defence forces.

Exports of military goods accounted for just under 0.34% of total Netherlands goods exports in 2008 (€ 370.5 billion). For an international comparison of this percentage, it is important to understand that in the Netherlands it is not only exports of military goods manufactured by Dutch industry that are subject to mandatory licensing but that – as also appears from the above explanatory notes to the figures for 2008 - 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.

Besides the tables showing values by category of goods and by country of final destination as presented in this Annual Report, for purposes of the transparency in this area of policy advocated by the Government, individual details pertaining to all licences issued in 2008 for the export of military goods may also be viewed at [www.exportcontrole.ez.nl](http://www.exportcontrole.ez.nl). The same also applies for export licences for dual-use goods issued and for notifications concerning transit of military goods across Netherlands territory received in 2008.

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# **Annual report on The Netherlands arms export policy 2008**

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## 1. Introduction

The present report on the Netherlands arms export policy in 2008 is the twelfth 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-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 2008 by category of military goods and by country of final destination. *Appendix 2* shows the trend in Netherlands arms exports for the period 1998-2008. *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 its EU partners. These notifications formed part of the EU Code of Conduct governing exports of military goods, which was transformed into a Common Position at the end of the year under review. Lastly *Appendix 5* tables the disposals of surplus defence equipment made in 2008.

## 2. Instruments and procedures of the arms export policy

Until August 2008, licences for the export of military goods were issued on the basis of the Import and Export Act. Since then the Netherlands export control procedures have been governed by the General Customs Act (*Algemene Douanewet*). Companies or persons intending to export goods or technology appearing on the list of military goods pertaining to the Annex to the Strategic Goods Import and Export Order <sup>1</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. 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. During the year under review exceptions to this rule applied for Bulgaria, Cyprus, Romania and Turkey. Applications for exports to these as well as all other countries are submitted to the Minister of Foreign Affairs for advice. The latter's advice plays an essential role in the decision-taking process on the issue of an export licence. If no objections are found to exist with regard to the intended export, the Ministry of Economic Affairs will issue an export licence.

In the case of applications for exports to developing countries classified on the OECD DAC1 list as *Least Developed Countries (LDC)*, *Low Income Countries (LIC)* or *Lower Middle Income Countries (LMIC)*, the Minister of Foreign Affairs will first consult with the Minister for

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<sup>1</sup> Official Journal of the European Union No. C65, 19-03-2009 (direct link: : <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:065:0001:0034:NL:PDF>)?

Development Co-operation, and will then advise the State Secretary of Economic Affairs on the basis of that consultation.<sup>2</sup>.

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

An amendment to the Import and Export Act in 2001 created the possibility for the classification and assessment system of the arms export policy to be extended in certain cases to the transit of strategic goods across Netherlands territory. Since then the transit control procedure has 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 are nevertheless subject to mandatory notification.

### **3. Principles of the arms export policy**

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

1. *Respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations.*
2. *The respect of human rights in the country of final destination.*
3. *The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.*
4. *Preservation of regional peace, security and stability.*
5. *The national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.*
6. *The behaviour of the buyer country with regard to the international community, as regards in particular to its attitude to terrorism, the nature of its alliances and respect for international law.*
7. *The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.*

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<sup>2</sup> The OECD DAC list is a list of countries receiving international financial aid, drawn up by the Organisation for Economic Co-operation and Development (OECD)

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 for the definition of common rules governing controls on exports of military goods and technology<sup>3</sup>. The above-mentioned 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 been denied by another member state, continues to form the basis for the Common Position 2008/944/CFSP, but the transformation also brings with it a wider 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, the Former Yugoslav Republic of Macedonia 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 EU, OSCE and UN frameworks. With effect from April 2007 a website was opened offering access to a table showing relevant national arrangements for implementation of UN and EU sanctions including arms embargoes: [www.minbuza.nl/sancties](http://www.minbuza.nl/sancties). In view of the availability of current information via this site it has been decided to discontinue the inclusion in the Annual Report of an appendix in the form of a table listing the arms embargoes operating in the year under review. In addition to the table on the above-mentioned 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).

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

In accordance with a pledge made by the Minister of Foreign Affairs in the course of a debate in December 1997 on the Foreign Affairs budget, the Government in February 1998 submitted a policy paper on greater transparency in the reporting procedure on exports of military goods (Parliamentary Proceedings 22 054, No. 30). The present report on 2008 is the twelfth 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 value by 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 2008 as a whole, and the figures for first-half and second-half 2008 separately. Furthermore, information is included on licence denials notified to the EU partners in the context of the EU Code of Conduct and the Common Position 2008/944/CFSP (see Appendix 4).

Besides the present report on Netherlands exports of military goods in 2008, non-confidential information is also otherwise available on the arms export policy. For example, at the [www.exportcontrole.ez.nl](http://www.exportcontrole.ez.nl) website the "Manual on Strategic Goods" (Handboek Strategische Goederen) is published. This manual is intended for persons,

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<sup>3</sup> Official Journal of the European Union Official Journal of the European Union No.o L 335/99, 13-12-2009 (direct link <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:nl:PDF?>)

companies and organisations with professional interests in procedures governing imports and exports of strategic goods. It provides users with information on the policy objectives and relevant legislative measures and procedures, besides containing a wealth of practical information. In this way the manual increases user awareness of this specific area of policy. The manual is regularly updated in the light of national and international developments in this area.

In addition, the above-mentioned website also presents a range of information on the export and transit of strategic goods, including the present annual report as well as key data on all licences issued for the export of military goods and also 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 which have to be made to the Central Import and Export Service (Centrale Dienst voor In- and Uitvoer, 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 of 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).

## **5. The Dutch defence-related industry**

With very few exceptions, the Dutch defence-related industry consists above all of civil enterprises and research organisations with divisions specialising in military production. Although this sector is small in size, it is nevertheless characterised by high-tech production, ongoing innovation and highly skilled personnel. Within the bounds of a responsible foreign and security policy, the Government's policy is aimed at retaining this technologically valuable capability for the Netherlands. To this end, 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 Belgian, British, French, German and American 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 importance of the export activities of this sector is recognised as an essential condition for the continuity of the existing technological base. Equally, it is recognised that, in the interests of the international legal order and the safeguarding of peace and security, limits must be imposed on the export activities of the defence-related industry. Within those limits, in the Government's judgement the Dutch industry should be able to meet other countries' legitimate needs for defence equipment. Bearing in mind the above-mentioned conditions and 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 was made available on a voluntary basis by the firms concerned in the context of a study performed by



The key figures are as follows:

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

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<i>Feature</i>	
Number of companies	290
% defence-related companies performing civil work	92
Defence-related turnover in 2006	€ 3.56 billion
Defence-related turnover as % of total turnover	4%
Volume of defence-related exports	€ 1.58 billion
Number of defence-related fte employees	16.740
Number of defence-related fte positions	15.770
Number of defence-related fte positions in R&D	3.400

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*Source: EIM 2008.*

The figures relate to production (civil/military), exports (as share of total sales), manpower etc. For a number of years around 290 SME firms in the Netherlands have in some way been engaged in military production. In that respect it should be noted that military production is defined as production intended for domestic and foreign defence orders, and not as production of goods which are classified as military goods in accordance with the Strategic Goods Import and Export Order. That explains the disparity between the export volume 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 € 3.56 billion on an annualised basis. This represents an average share of 4% of the total turnover of the companies and organisations concerned, most of which therefore perform mainly civil work. There are only a few firms that concentrate virtually completely on the defence market. Of the total exports by these companies and organisations, about 44% or approximately € 770 million is classified as military exports. The development of advanced technology associated with military production enables these companies and organisations to accomplish product innovations and is moreover an important source of military spin-offs and civil spill-overs. With a count of 51%, 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.

The number of persons in defence-related employment amounts to just under 17,000. Adjusted for the fte effect, the number of defence-related positions is just below 16,000. A considerable proportion of this is accounted for by R&D activities: 3,400 positions, or just over 20% of total defence-related jobs.

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<sup>4</sup> Parliamentary Proceedings 2007-2009, 31 125, No. 1.

## 6. EU co-operation

EU co-operation on arms exports is co-ordinated within COARM, the Working Group on Conventional Arms Exports. On behalf of the Netherlands, representatives of the Ministry of Foreign Affairs and the Ministry of Economic Affairs attend COARM meetings. In COARM, within the framework of the EU Common Foreign and Security Policy (CFSP) the member states exchange information on their arms export policy and endeavour to improve mutual co-ordination of these policies and the relevant procedures. The basis for this was formerly the EU Code of Conduct, which was transformed into an EU Common Position (CP) on 8 December 2008.

Drafting of the best practice guidelines for implementation of the individual criteria of the EU Common Position was completed in 2007, and the guidelines were incorporated into the User's Guide to the CP. Common interpretation of the individual criteria of the EU Code of Conduct promotes harmonisation of the arms export policy of the EU member states and contributes towards integration of the CP system in new member states. Common interpretation of the individual criteria of the EU Code of Conduct promotes harmonisation of the arms export policy of the EU member states and contributes towards integration of the 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 also provides practical guidelines regarding the information and consultation procedure on licence denials. The User's Guide <sup>5</sup> also provides practical guidelines regarding the information and consultation procedure on licence denials. Likewise, the central database of national denials, which is maintained by the EU Council Secretariat in Brussels, has been operational since January 2004. The intention is that, prior to issuing licences, EU member states should consult this database to see whether similar cases have met with denials from other member states. If that is the case, consultation between the states concerned is required. If the prior denial is not observed, the reasons for doing so must be stated.

November 2008 saw publication of the tenth EU annual report <sup>6</sup>, reviewing the subjects discussed within COARM. The report also contains detailed statistical information on exports of military equipment by the EU member states in 2007. The report includes export data classified by member state and by country of final destination, stating numbers of licences issued as well as the value of the licences issued. Most member states also report the value of exports actually realised. The Netherlands also supplies these data, but holds the opinion that information on issued licences always reflects the impact of the arms export policy more completely and therefore more realistically. Furthermore, where possible the data are classified by category of the military list. 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 aggregated numbers of licence denials issued in 2007 and the relevant criteria applied, in addition to the number of consultations undertaken by EU partners.

In anticipation of the publication of the eleventh EU annual report later this year, it may be stated that in 2008 member states notified a total of about 329 licence denials in the EU context, representing a slight decrease relative to preceding years (in 2006: 360, and in 2007: 425. The number of consultations conducted was about 107, broadly corresponding with preceding years with the exception of 2006, when the number of consultations was significantly lower.

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<sup>5</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) )

<sup>6</sup> Official Journal of the European Union C300, 21 November 2008

On 8 December 2008 the Council adopted the revised EU Code of Conduct and transformed it from a (politically binding) Code of Conduct into a (legally binding) EU Common Position 7.

As stated in previous Annual Reports on arms export policy, the new elements envisaged in the revised EU Common Position are:

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

The Toolbox proposal developed by the Netherlands with regard to post-embargo destinations did not appear on the agenda in the year under review. The Toolbox is to be incorporated in the User's Guide in due course, and contains measures designed to augment transparency with regard to granted licences and to further intensify consultation among member states concerning export policy. As yet there is no agreement on the period of applicability of this instrument or on what classes of licences will be subject to Toolbox.

## **7. The Wassenaar Arrangement**

On the multilateral level, developments surrounding arms exports are discussed in the framework of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (WA). In the year under review altogether 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 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 relating to exports to third parties of arms and of goods that can be used for military purposes. The intention is to promote a greater sense of responsibility in national assessments of applications for licences for exports of such goods. Clearly, more information will enable participating states to assess with greater accuracy whether the arms build-up of certain countries or regions exceeds their legitimate needs for defence equipment. If that is the case, this should result in 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. In the Netherlands, this control list forms an

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<sup>7</sup> 2008/944/CFSP, published in the Official Journal of the European Union L335, of 13-12-2008.

<sup>8</sup> In 2008 only Cyprus is not yet a partner owing to Turkish objections.

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

integral part of the Strategic Goods Import and Export Order. Each revision of the WA list therefore automatically results in an amendment to that Import and Export Order.

WA partner Russia caused a good deal of attention in 2008 to be paid to the definition of a "destabilising accumulation of arms", or in other words "when is an arms accumulation destabilising?". Russia's focus on this definition was occasioned by the five-day war between Georgia and Russia in August 2008 and Russia's assumption that other WA partners should have realised that excessive quantities of arms had been supplied to Georgia before the war. During the Plenary Meeting in December it was decided that the WA General Working Group and Plenary Meetings would discuss this matter further under a new and regular agenda item.

In the course of the year the Arrangement paid considerable attention to amendment proposals to the control lists, to information exchange on exports of military goods and dual-use goods with potentially conventional military end use, and to outreach contacts with non-participant countries and international organisations. In 2008 participant countries once again deliberated on a number of proposals for increasing internal transparency within the Wassenaar Arrangement, for example by including small-calibre ammunition as a reporting category in the mutual information exchange on arms exports, and by introducing denial notifications as a reporting category, as is already practised in the framework of the EU Code of Conduct. For the present no agreement has been reached on these proposals.

The Netherlands again played an active part in the Arrangement, by participating in discussions, giving presentations on Customs matters, on specific consignments of strategic goods with which the Netherlands has been involved, and on military goods flows. The Netherlands also accepted the chairmanship of the General Working Group for 2009. Further information on the principles and goals of the WA in addition to current developments and the texts of public documents can be found on the website [www.wassenaar.org](http://www.wassenaar.org).

## **8. 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***

The highlight of the year was the signing in Oslo of the Convention on cluster munitions by 94 states, including the Netherlands. The treaty text is the outcome of the negotiations which took place during a formal diplomatic conference from 18 to 30 May 2008 in Dublin, attended by 111 nations. Details were reported in a letter to Parliament on 20 June 2008<sup>10</sup>.

The Convention on Cluster Munitions is a legally binding instrument. It embodies a far-reaching ban on the use, production, transfer and stockpiling of types of cluster munitions that cause unacceptable human suffering. In addition the convention establishes a framework for co-operation and assistance, with provisions relating among other things to care for survivors, clearance of 'contaminated' areas, and destruction of stockpiles of prohibited cluster munitions. Furthermore the participating countries agreed to consider steps at the national level and to continue addressing the humanitarian challenges posed by cluster munitions within the framework of international humanitarian law and in other relevant fora. The convention also incorporates a provision on the basis of which co-operation with non-Partner states remains possible (known as the interoperability article). For the Netherlands and a large number of like-minded countries, inclusion of such a provision was an important condition enabling them to endorse the final outcome.

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<sup>10</sup> Parliamentary Proceedings 2007-2008, 21501-02, No. 833.

The treaty will enter into operation six months after it has been ratified by 30 states. Norway, Ireland, Sierra Leone and the Holy See ratified the treaty with immediate effect on 3 December. The Netherlands is expected to do so before the end of 2009. The treaty has no transitional period and states explicitly that no reservations can be made. This only endows it with additional force.

The Netherlands will encourage non-signatory states to join the treaty as yet. The Netherlands will also continue the negotiations on cluster munitions in the framework of the Convention on Conventional Weapons (CCW) (see below).

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.

### ***Complementarity***

The Netherlands remains an active player in the CCW framework. The CCW is seen as the vehicle whereby the number of participating states can be maximised. Major focuses here are the synergy and mutual reinforcement between the parallel Oslo and CCW processes. The Netherlands has launched a proposal for guaranteeing the complementarity of the future treaty with existing treaties such as CCW and international humanitarian law. Of particular importance in this respect is the present Protocol V to the CCW, embodying as it does general provisions on explosive debris of war.

### ***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. It is referred to in the coalition agreement, and momentum on this subject has built up internationally as well. 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 2008 aimed at further elaborating and firming up these agreements.

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

The United Nations Programme of Action, 2001 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 practice this means among other things that the Netherlands focuses on long-term support to a number of partner states (initially Uganda and Burundi) where capacity to implement these agreements is lacking. This finds expression in structural support to National Focal Points (mandatory under the UN Action Programme) and development of national strategies to curb the proliferation of SALW. Additionally, in Burundi the subject of SALW will be further elaborated in the framework of the multiannual Memorandum of Understanding concluded with the Burundi government in 2008. This MoU envisages Security Sector Development centred on the national police and defence sector.

## ***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 of the principles of this declaration. The number of signatory nations has meanwhile risen to 106. In 2008 the Netherlands again made a tangible contribution here, among other things by financing the regional conference for East and South-East Europe.

In addition to ensuring sufficient international support for the link between countering armed violence and meeting development targets – and hence the Millennium Development Objectives 11 as well – the Netherlands pursued an active policy aimed at matching the Geneva Declaration to specific results in focus countries. Here again, Burundi in particular is a country that has been actively highlighted by the Netherlands. Likewise in 2008 a direct linkage<sup>11</sup> was established between the Geneva Declaration and the UN. This was done at year-end 2008 by moving an UNGA resolution on armed violence (Res. 63/23) in relation to development, in which the SGUN calls on all member states to set out their views and policies in this area. This resolution was carried with broad support and the Netherlands is currently engaged in active efforts designed to encourage member states to respond to the resolution on the one hand, and to support them in formulating their response on the other.

Furthermore the Geneva Declaration boosts momentum for the performance of scientific research into the interrelations, impact and worldwide cost of armed violence. All in all, the work performed within the framework of this Declaration will make an important contribution to worldwide willingness to counter all forms of armed violence and the unchecked proliferation of SALW as the greatest impediment to the achievement of development targets.

## ***EU and SALW***

The EU Member States report annually on their national activities for implementation of the Council's Joint Action of 12 July 2002 relating to the contribution of the European Union to combating the destabilising 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 12, to which the Netherlands contributes annually. A new departure is the recent decision to re-examine how air safety regulations can be used for the purpose of curbing illegal arms trafficking. Potentially this would appear to be a highly effective tool.

The EU also contributes towards the funding of specific programmes. For example, an EU-financed project intended to assure the destruction of surplus arms and munitions stockpiles currently operates in Ukraine, and the feasibility of funding UNODA (UN Office for Disarmament Affairs) programmes is being examined at the EU level. In addition, 2008 saw the first inclusion of a clause on SALW in all third-country contracts. This clause refers to the shared concern about the risks of trafficking in SALW and ammunition, and the international obligations to be observed by countries in this context.

## ***Netherlands Project Support***

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<sup>11</sup> These are international agreements on eight specific development goals that must have been achieved by 2015.

<sup>12</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>)

In 2008, the Netherlands provided slightly over € 3 million from the Stability Fund as financial support for a number of SALW projects. These included programmes for arms and ammunition destruction in Bosnia-Herzegovina, Burundi and Afghanistan, besides capacity build-up for inspection and operational authorities in the Great Lakes region and the Horn of Africa.

As regards the latter, the Regional Centre on Small Arms (RECSA) is the principal organisation receiving Netherlands support. RECSA has been mandated by the twelve signatory states to the Nairobi Declaration to co-ordinate and supervise those activities designated in the Declaration relating to national legislative and regulatory provisions. In conjunction with another major NGO, Saferworld, a three-year programme was recently started aimed at capacity build-up for governments and civil organisations engaged in combating SALW in the Horn of Africa. The main objectives of the RECSA and Saferworld programmes are:

- Assisting with legislative and regulatory provisions governing ownership, production and trafficking of SALW and implementation of policy in this regard;
- Reinforcing the capacity of government authorities in this regard;
- Reinforcing the capacity of NGO's in this regard;
- Co-ordinating national, regional and international actions and policy with regard to SALW.

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

After the United Nations General Assembly passed a resolution concerning a future Arms Trade Treaty on 6 December 2006, at the 62nd session of the UNGA the Secretary General presented a report containing the views of the UN member states concerning the scope, parameters and feasibility of an arms trade treaty. Subsequently a group of government experts consisting of 28 members<sup>13</sup> was appointed, which met three times in the course of 2008 in order to consider the feasibility of a treaty on the basis of the views as given. The group of government experts reported to the 63rd UNGA in October 2008. The report made it clear that wide differences of opinion exist in the group with regard to the feasibility of the arms trade treaty.

In the course of the 63rd UNGA a second resolution on the arms trade treaty was carried by an overwhelming majority, the sole opposing vote being cast once again by the US. On this basis of this resolution a new working group was appointed, open to participation by all UN member states, to continue working where the group of government experts left off. Altogether six meetings of this working group are planned in 2009, 2010 and 2011. The composition of this working group gives a better reflection of the numerical majority of those in favour than the group of government experts, where the sceptics had the upper hand. The Netherlands takes an active part at these meetings on the basis of its vision as previously communicated to the Secretary-General.

### ***Transparency in armaments and the UN Register of Conventional Arms***

The UN Register of Conventional Arms, established in established 1992 partly on a Netherlands initiative, provides information on an annual basis on the source country of military goods exports, the transit country if any, and the importing country, together with the size of the goods flows classified in the following categories: I. tanks, II. armoured combat vehicles, III. heavy artillery systems, IV. combat aircraft, V. combat helicopters, VI. warships, and VII. missiles and missile launch systems. Since 2006 there has moreover

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<sup>13</sup> Algeria, Argentina, Australia, Brazil, China, Colombia, Costa Rica, Cuba, Egypt, Finland, France, Germany, India, Indonesia, Italy, Japan, Kenya, Mexico, Nigeria, Pakistan, Romania, Russia, South Africa, Spain, Switzerland, Ukraine, United Kingdom, United States.

existed the option to report imports and exports on a voluntary basis. In 2007 almost 40 countries, including the Netherlands, included this information in their national returns to the Register. It remains an ambition of the Netherlands to add to the Register an independent eighth category "Small arms and light weapons".

Since the Register was established, a total of 175 nations have at some time participated in the Register, including all the major arms-manufacturing, arms-importing and arms-exporting countries. The register is currently estimated to encompass over 95% of the wide trade in the above-mentioned seven categories of conventional arms. In recent years there was a gradual increase in the number of participating countries from 99 in 1992 to 126 in 2001. Meanwhile the figure has stabilised at around 115 notifications annually. The ambition remains to achieve universal and consistent participation. The adoption of AVVN/RES/61/77 in December 2006 confirmed that the UN Register of Conventional Arms is intended solely for transactions between UN member states. For China, which for years did not report on account of notifications (by the United States) of supplies to Taiwan, this smoothed the way to resume its participation in the Register. In July 2009 China filed its return on 2008.

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. In 2008 160 states voted in favour, including China, Israel, the United States and the Russian Federation. This resolution ensures that once every three years a group of government experts meets in order to evaluate and further develop the Register, and that the results are then implemented. The group of experts met once more in the first half of 2009.

The Netherlands continues to focus its effort on universal participation in and effectiveness of the UN Register of Conventional Arms. Partly on a Netherlands initiative the EU places emphasis at all relevant forums on the importance of transparency in armaments and participation in the UN Register of Conventional Arms. For example, the SGUN is notified on an annual basis of the European Union's position regarding transparency in armaments, and the data are also exchanged within the Organisation for Security and Co-operation in Europe (OSCE).

#### ***UN transparency in legislation***

The Netherlands has moved the UNGA resolution "National legislation on transfer of arms, military equipment and dual-use technology" annually since 2002; since 2005 that it has done so every other year. With this resolution, which was adopted in 2007 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 can be stored and made readily accessible to anybody. Meanwhile this database contains contributions from 41 countries, including the Netherlands.



## **Appendix 1:**

### **Tables showing the value of licences for the definitive export of military goods issued in 2008 (by category of goods and by country of final destination)**

#### **Introduction**

The total value, rounded-off to two decimal places, of licences issued in 2008 amounted to € 1.1257.67. That represents a substantial increase over 2007, when the total value came to € 873.71 million, but the value for 2008 nevertheless matches well with the trend over recent years. In 2005 and 2006 the total licence value also exceeded € 1.1 billion. The fact that 2007 lagged the trend was due not so much to a decline in industrial activity but to the lack of very large licences for disposals of surplus Netherlands defence equipment. Such licences had been issued in 2008. Top place among the five principal destinations in the year under review is held by Portugal with a value of € 319.41 million, almost entirely attributable to the disposal of surplus M-class frigates and Leopard II tanks, while fifth place goes to Canada with a value of € 93.57 million, again almost entirely attributable to the disposal of Leopard II tanks. In between comes Indonesia in second place, with a value of € 316.42 million, largely on account of a licence for two (new-build) corvettes, Germany – always among the top 5 – with a value of € 157.07 million in third place, mainly due to the supply of armoured vehicle and howitzer parts, and finally the “other NATO” category with a value of € 131.93 million in fourth place. Strictly speaking that category could also have included “the Netherlands” in the year under review because some € 127 million of that total relates to licences for the export of armoured vehicle parts to Germany and Sweden and patrol vessel parts to Romania, all those vehicles and vessels being ultimately destined for the Netherlands defence forces.

Exports of military goods accounted for just under 0.34% of total Netherlands goods exports in 2008 (€ 370.5 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 – as also appears from the above explanatory notes to the figures for 2008 – 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.

## 2008 (first-half year)

**Table 1: Value of licences issued for the definitive export  
of military goods in first-half 2008**  
*by category*<sup>1</sup>

<b>Main category A, "Arms &amp; Munitions"</b>	<b>2008 (1)</b> in € million
1. Tanks	65.36
2. Armoured vehicles	-
3 Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	0.02
5. Combat helicopters	-
6. Warships	278.56
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.36
9. Munitions and explosives	1.68
10. Parts and components for "Arms & Munitions" <sup>2</sup>	229.56
<b>Total Cat. A</b>	<b>575.54</b>

<b>Main category B "Other military goods"</b>	<b>2008 (1)</b> in € million
1. Other military vehicles	1.05
2. Other military aircraft and helicopters	-
3. Other military vessels	0.04
4. Military electronics	20.91
5. ABC substances for military use	-
6. Military exercise equipment	0.15
7. Armour-plating and protective products	0.09
8. Military auxiliary and production equipment	-
9. Military technology and software	5.42
10. Parts and components for "Other military goods" <sup>3</sup>	18.13
<b>Total Cat. B</b>	<b>45.79</b>
<b>Total Cat. A + B</b>	<b>621.33</b>

**Table 2: Value of licences issued for the definitive export of military goods in the first-half 2008**  
by country of final destination

<b>2008 (first-half)</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>	0.26	A10	0.03	B10	0.29
<b>Australia</b>	0.01	A10	0.10	B9	0.11
<b>Brazil</b>	0	-	0.49	B9	0.49
<b>Brunei D</b>	12.20	A10	0	-	12.20
<b>Bulgaria</b>	0.01	A10	0	-	0.01
<b>Canada</b>	65.36	A1, A8	1.13	B9	66.49
<b>Chile</b>	0.02	A10	0	-	0.02
<b>Czech Republic</b>	0.04	A10	0	-	0.04
<b>Denmark</b>	0.52	A8, A10	0.70	B4, B10	1.22
<b>Egypt</b>	0	-	2.60	B9, B10	2.60
<b>Estonia</b>	0	-	0.40	B1	0,40
<b>France</b>	2.62	A4, A8, A9, A10	2.67	B4, B9, B10	5.29
<b>Germany</b>	34.31	A8, A9, A10	4.38	B3, B4, B6, B10	38.69
<b>Greece</b>	5.03	A4, A10	0.01	B10	5.04
<b>Ireland</b>	0.07	A10	0	-	0.07
<b>India</b>	0.16	A10	0.05	B10	0.21
<b>Indonesia</b>	315.43	A6, A10	0	-	315.43
<b>Israel</b>	0	-	0.11	B10	0.11

<b>Italy</b>	1.08	A8,A10	0	-	1.08
<b>Japan</b>	0	-	4.31	B10	4.31
<b>Jordan</b>	0	-	2.72	B4	2.72
<b>Lebanon</b>	0	-	0.65	B1	0.65
<b>Macedonia</b>	0	-	0.80	B10	0.80
<b>Malaysia</b>	0.45	A10	0.29	B4	0.74
<b>Norway</b>	0.77	A8, A10	0.61	B10	1.38
<b>Pakistan</b>	3.94	A10	0	-	3.94
<b>Portugal</b>	0.21	A8,A10	0	-	0.21
<b>Qatar</b>	0.01	A10	0	-	0.01
<b>Saudi Arabia</b>	0.15	A10	0.96	B4	1.11
<b>Singapore</b>	0.01	A9	0.05	B9, B10	0.06
<b>Slovakia</b>	0.01	A8, A10	0	-	0.01
<b>South Korea</b>	0	-	0.26	B9, B10	0.26
<b>Spain</b>	1.46	A6, A9, A10	0.55	B10	2.01
<b>Sweden</b>	1.33	A8, A9,A10	0.88	B4, B10	2.21
<b>Switzerland</b>	0.25	A3, A8, A9, A10	0.13	B10	0.38
<b>Taiwan</b>	7.57	A10	0	-	7.57
<b>Thailand</b>	0.35	A10	0.32	B10	0.67
<b>Turkey</b>	17.28	A8,A10	1.48	B9, B10	18.76
<b>United Kingdom</b>	1.05	A8, A10	16.60	B4, B6, B9, B10	17.65
<b>USA</b>	35.57	A8, A9, A10	1.96	B4, B7, B9, B10	37.53
<b>Yemen</b>	0	-	0.54	B10	0.54

<b>Other NATO<sup>4</sup></b>	68.00	A10	0.01	B10	68.01
<b>Countries accounting for export values below € 10,000: <sup>5</sup></b>					
<b>Malta, Netherlands Antilles, Czech Republic</b>	0.01	A8, A9, A10	-	-	0.01
<b>Total</b>	<b>575.54</b>		<b>45.79</b>		<b>621.33</b>

### Footnotes to Tables 1 and 2, first-half year 2008

<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. This time, however, this subcategory also includes two licences of a different kind. One licence with a value of € 60 million for parts for Ocean-going Patrol Vessels (OPVs) for the Royal Netherlands Navy which to a large extent are to be built in Romania and another with a value of just over € 37 million for surveillance radar and C3 equipment for corvettes previously supplied to Indonesia. The latter equipment is reported in category A10 as components for warships.

<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.

<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 (excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence. This time, however, this item consists above all of the OPV parts reported in Note 2, which after finishing in Romania will be returned to the Netherlands as final destination. Because the Netherlands does not appear in the table as an "export destination", this licence has been included in "Other NATO".

<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.

**2008 (second-half year)**

**Table 1: Value of licences issued for the definitive export  
of military goods in second-half 2008  
by category <sup>1?</sup>**

<b>Main category A "Arms &amp; Munitions"</b>	<b>2008 € million</b>
1. Tanks	103.98
2. Armoured vehicles	5.80
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	240.00
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.14
9. Munitions and explosives	1.20
10. Parts and components for "arms and munitions" <sup>2?</sup>	150.06
<b>Total Cat. A</b>	<b>501.18</b>
<b>Main category B "Other military goods"</b>	<b>2008 € million</b>
1. Other military vehicles	3.02
2. Other military aircraft and helicopters	-
3. Other military vessels	0.03
4. Military electronics	5.15
5. ABC substances for military use	-
6. Military exercise equipment	0.79
7. Armour-plating and protective equipment	0.01
8. Military auxiliary and production equipment	0.10
9. Military technology and software	100.23
10. Parts and components for "other military goods" <sup>3</sup>	25.83
<b>Total Cat. B</b>	<b>135.16</b>
<b>Total Cat. A + B</b>	<b>636.34</b>

**Table 2: Value of licences issued for the definitive export  
of military goods in second-half 2008**  
*by country of final destination*

<b>2008 (first-half)</b> € million					
<b>Country of final destination</b>	<b>Cat. A</b>	<b>Specification</b>	<b>Cat. B</b>	<b>Specification</b>	<b>TOTAL</b>
<b>Argentina</b>	0.18	A10	0.04	B10	0.22
<b>Australia</b>	0.02	A8, A10	0.05	B10	0.07
<b>Bahrain</b>	-	-	0.03	B10	0.03
<b>Bulgaria</b>	0.02	A10	-	-	0.02
<b>Canada</b>	27.08	A1, A8, A10	-	-	27.08
<b>Chile</b>	2.02	A10	-	-	2.02
<b>Czech Republic</b>	0.04	A10	0	-	0.04
<b>Denmark</b>	13.81	A10	-	-	13.81
<b>Egypt</b>	0.07	A10	0.72	B10	0.79
<b>Estonia</b>	-	-	2.05	B1	2.05
<b>Finland</b>	-	-	0.65	B10	0.65
<b>France</b>	2.52	A8, A10	3.03	B4, B9, B10	5.55
<b>Germany</b>	15.67	A2, A8, A9, A10	102.71	B3, B4, B8, B9, B10	118.38
<b>Greece</b>	0.47	A10	0.65	B10	1.12
<b>India</b>	0.96	A10	0.30	B10	1.26
<b>Indonesia</b>	0.99	A10	-	-	0.99
<b>Israel</b>	0.20	A10	-	-	0.20
<b>Italy</b>	0.63	A8,A10	1.31	B4, B10	1.94
<b>Japan</b>	6.74	A10	-	-	6.74



<b>Jordan</b>	0.04	A10	-	-	0.04
<b>Latvia</b>	0.08	A10	0.08	B10	0.16
<b>Macedonia</b>	-	-	0.91	B4	0.91
<b>Malaysia</b>	1.52	A10	1.71	B4, B9	3.23
<b>Malta</b>	0.02	A8	-	-	0.02
<b>Norway</b>	0.65	A8, A9, A10	0.10	B10	0.75
<b>Oman</b>	0.03	A10	3.47	B10	3.50
<b>Pakistan</b>	-	-	0.27	B10	0.27
<b>Portugal</b>	319.20	A1, A6, A9,A10	-	-	319.20
<b>Qatar</b>	0.53	A10	-	-	0.53
<b>Rumania</b>	0.01	A8, A10	-	-	0.01
<b>Rwanda</b>	-	-	0.16	B1	0.16
<b>Saudi Arabia</b>	0.02	A10	0.79	B6	0.81
<b>Singapore</b>	0.04	A10	1.03	B10	1.07
<b>South Africa</b>	-	-	0.24	B10	0.24
<b>South Korea</b>	0.14	A10	0.59	B10	0.73
<b>Spain</b>	0.38	A8, A10	0.03	B10	0.41
<b>Sweden</b>	17.43	A1, A8, A9,A10	0.87	B4, B10	18.30
<b>Switzerland</b>	0.37	A8, A9, A10	0.09	B8, B9, B10	0.46
<b>Taiwan</b>	1.09	A10	-	-	1.09
<b>Turkey</b>	2.14	A8, A10	0.01	B10	2.15
<b>Uruguay</b>	0.05	A10	0.82	B1	0.87
<b>UAE</b>	0.01	A10	0.27	B10	0.28

<b>United Kingdom</b>	14.59	A8, A10	0.88	B6, B10	15.47
<b>USA</b>	8.50	A8, A9, A10	10.31	B4, B10	18.81
<b>Other NATO<sup>4</sup></b>	62.94	A10	0.98	B4, B10	63.92
<b>Countries accounting for export values below € 10,000: <sup>5</sup></b>					
Aruba, Bangladesh, Lithuania, Neth. Antilles, Austria, Poland, Tanzania	0.02	A8, A10	0,01	B7	0.03
<b>Total</b>	<b>501,18</b>		<b>135,16</b>		<b>636,34</b>

### Footnotes to Tables 1 and 2, second-half 2008

<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. A relevant exception to that in this period was a licence for the supply of two long-range omnidirectional?? surveillance radar systems to the British Royal Navy. These radar systems were reported under A10 as components for subcategory A6, warships.

<sup>3</sup> The 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 armoured vehicle. One licence to Germany for a large delivery of software and technology for that type of armoured vehicle accounts for the bulk of the value reported under subcategory B9.

<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 (currently excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence. 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.

## 2008 (total)

*Table 1: Value of licences issued for the definitive export of military goods in 2008 by category <sup>1</sup>*

<b>Main category A "Arms &amp; Munitions"</b>	<b>2008</b> in € million
1. Tanks	169.34
2. Armoured vehicle	5.80
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	0.02
5. Combat helicopters	-
6. Warships	518.56
7. Guided missiles	-
8. Small-calibre weapons (<=12.7 mm)	0.50
9. Munitions and explosives	2.88
10. Parts and components for "arms and munitions" <sup>2</sup>	379.62
<b>Total Cat. A</b>	<b>1.076.72</b>

<b>Main category B "Other military goods"</b>	<b>2008</b> in € million
1. Other military vehicles	4.07
2. Other military aircraft and helicopters	-
3. Other military vessels	0.07
4. Military electronics	26.06
5. ABC substances for military use	-
6. Military exercise equipment	0.94
7. Armour-plating and protective equipment	0.10
8. Military auxiliary and production equipment	0.10
9. Military technology and software	105.65
10. Parts and components for "other military goods" <sup>2?</sup>	43.96
<b>Total Cat. B</b>	<b>180.95</b>
<b>Total Cat. A + B</b>	<b>1.257.67</b>

**Table 2: Value of licences issued for the definitive export of military goods in 2008**  
by country of final destination

<b>2008 (total)</b> <i>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>Argentina</b>	0.44	A10	0.07	B10	0.51
<b>Australia</b>	0.03	A8, A10	0.15	B9, B10	0.18
<b>Bahrain</b>	0	-	0.03	B10	0.03
<b>Brazil</b>	0	-	0.49	B9	0.49
<b>Brunei D</b>	12.20	A10	0	-	12.20
<b>Bulgaria</b>	0.03	A10	0	-	0.03
<b>Canada</b>	92.44	A1, A8, A10	1.13	B9	93.57
<b>Chile</b>	2.04	A10	0	-	2.04
<b>Czech Republic</b>	0.04	A10	0	-	0.04
<b>Denmark</b>	14.33	A8, A10	0.70	B4, B10	15.03
<b>Egypt</b>	0.07	A10	3.32	B9, B10	3.39
<b>Estonia</b>	0	-	2.45	B1	2.45
<b>Finland</b>	0	-	0.65	B10	0.65
<b>France</b>	5.14	A4, A8, A9, A10	5.70	B4, B9, B10	10.84
<b>Germany</b>	49.98	A2, A8, A9, A10	107.09	B3, B4, B6, B8, B9, B10	157.07
<b>Greece</b>	5.50	A4, A10	0.66	B10	6.16
<b>India</b>	1.12	A10	0.35	B10	1.47
<b>Indonesia</b>	316.42	A6, A10	0	-	316.42

<b>Ireland</b>	0.07	A10	0	-	0.07
<b>Israel</b>	0.20	A10	0.11	B10	0.31
<b>Italy</b>	1.71	A8,A10	1.31	B4, B10	3.02
<b>Japan</b>	6.74	A10	4.31	B10	11.05
<b>Jordan</b>	0.04	A10	2.72	B4	2.76
<b>Latvia</b>	0.08	A10	0.08	B10	0.16
<b>Lebanon</b>	0	-	0.65	B1	0.65
<b>Macedonia</b>	0	-	1.71	B4, B10	1.71
<b>Malaysia</b>	1.97	A10	2.00	B4, B9	3.97
<b>Malta</b>	0.02	A8	0	-	0.02
<b>Norway</b>	1.42	A8, A9, A10	0.71	B10	2.13
<b>Oman</b>	0.03	A10	3.47	B10	3.50
<b>Pakistan</b>	3.94	A10	0.27	B10	4.21
<b>Portugal</b>	319.41	A1, A6, A8, A9, A10	0	-	319.41
<b>Qatar</b>	0.54	A10	0	-	0.54
<b>Romania</b>	0.01	A8, A10	0	-	0.01
<b>Rwanda</b>	0	-	0.16	B1	0.16
<b>Saudi Arabia</b>	0.17	A10	1.75	B4, B6	1.92
<b>Singapore</b>	0.05	A9, A10	1.08	B9, B10	1.13
<b>Slovakia</b>	0.01	A8, A10	0	-	0.01
<b>South Africa</b>	0	-	0.24	B10	0.24
<b>South Korea</b>	0.14	A10	0.85	B9, B10	0.99
<b>Spain</b>	1.84	A6, A9, A8, A10	0.58	B10	2.42

<b>Sweden</b>	18.76	A1, A8, A9, A10	1.75	B4, B10	20.51
<b>Switzerland</b>	0.62	A3, A8, A9, A10	0.22	B10	0.84
<b>Taiwan</b>	8.66	A10	0	-	8.66
<b>Thailand</b>	0.35	A10	0.32	B10	0.67
<b>Turkey</b>	19.42	A8,A10	1.49	B9, B10	20.91
<b>UAE</b>	0.01	A10	0.27	B10	0.28
<b>United Kingdom</b>	15.64	A8, A10	17.48	B4, B6, B9, B10	33.12
<b>Uruguay</b>	0.05	A10	0.82	B1	0.87
<b>USA</b>	44.07	A8, A9, A10	12.27	B4, B7, B9, B10	56.34
<b>Yemen</b>	0	-	0.54	B10	0.54
<b>Other NATO<sup>3</sup></b>	130.94	A10	0.99	B4, B10	131.93
<b>Countries accounting for export values below € 10,000: <sup>4</sup></b>					
<b>Aruba, Bangladesh, Lithuania, Neth. Antilles, Austria, Poland, Tanzania</b>	0.03	A8, A9, A10	0.01	-	0.04
<b>Total</b>	<b>1,076,72</b>		<b>180.95</b>		<b>1,257,67</b>

#### **Footnotes to Table 1 and 2, 2008 (total)**

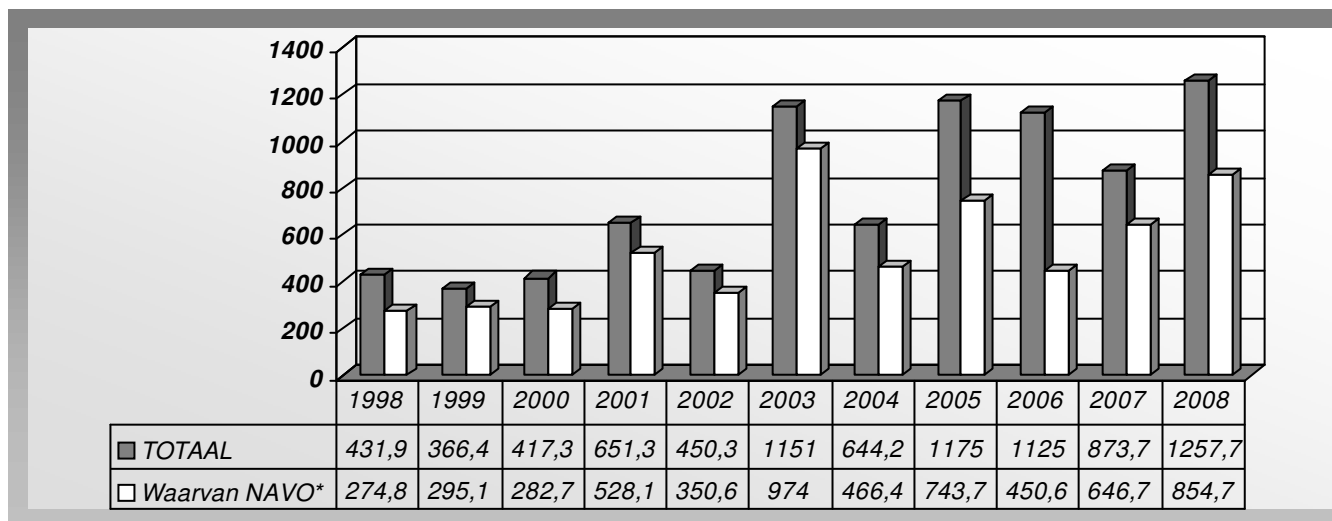
<sup>1</sup> Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately .

<sup>2</sup> For explanatory notes on the main deliveries which came into categories A10 and B10 in the year under review, reference is made to the footnotes to the tables for first-half and second-half 2008 respectively.

<sup>3</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 (excluding Turkey, Romania and Bulgaria) are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence. 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>4</sup> In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

**Appendix 2: Trend in Netherlands arms export 1998 – 2008**  
(value of licences issued, in € million)



\* in 2008 the following 26 countries were members of NATO:

Belgium, Bulgaria, Canada, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Turkey, United Kingdom and United States.



**Appendix 3: Value of licences issued for transit  
of military goods in 2008 <sup>1</sup>**  
*by country of final destination*

2008					
€ million					
Country of final destination	Cat. A	Specification	Cat.B	Specification	Total
Brazil	0.14	A9	-	-	0.14
Ecuador	-	-	0.15	B7	0.15
India	0.06	A10	-	-	0.06
Israel	-	-	0.01	B2	0.01
Nigeria	-	-	0.03	B7	0.03
Peru	-	-	0.17	B10	0.17
Rwanda	-	-	0.13	B10	0.13
UAE	0.03	A10	-	-	0.03
South Africa	0.11	A10	-	-	0.11
<b>Countries accounting for export values below € 10,000:</b>					
Tanzania and Trinidad-Tobago	-	A8, A10		-	
<b>TOTAL</b>	<b>0.34</b>		<b>0.49</b>		<b>0.83</b>

<sup>1</sup> In the year under review an amendment was made to the transit control procedure. Until 1 August 2008, issued licences were usually related to the distribution via the Netherlands of a US brand of telescopic sights from production locations in various countries, because that distribution in particular was designated as slow transit subject to mandatory licensing. As from 1 August the distinction between rapid and slow transit was discontinued and all transit of military goods not involving partner/allied countries (EU/NATO+) is now subject to mandatory licensing. Where an EU/NATO+ partner is involved, mandatory notification continues to apply just as prior to 1 August. Information on those notifications is available on the website [www.exportcontrole.ez.nl](http://www.exportcontrole.ez.nl). Further information on the transit licences for which the value is reported here in Appendix 3 also appears on that website, not under transit reports but in the monthly returns for military goods.

**Appendix 4: Denials of licence applications in 2008,  
notified in conformity with the EU Code of Conduct**

<b>Date</b>	<b>Number</b>	<b>Country of final destination</b>	<b>Brief description</b>	<b>Recipient</b>	<b>End-user</b>	<b>Reason for denial</b>
25-11-2008	NL 11/2008	Iran	2 rifles	Private person	Ditto	Criterion 1
06-11-2008	NL 10/2008	India	Night-vision goggles	Rolta Thales Ltd	Defence	Criteria 2, and 3
20-10-2008	NL 09/2008	Israel	Camouflage paint	Silver Arrow LP, Nes-Ziona	ditto	Criteria 2, 3, and 6
05-09-2008	NL 08/2008	Zimbabwe	Revolvers and rifles	Private person	ditto	Criterion 1
21-08-2008	NL 07/2008	Pakistan	Image intensifier tubes (2nd generation)	Consolidated Logistics Corp, Karachi	Pakistan Rangers	Criteria 2, 4, and 6
14-07-2008	NL 06/2008	Israel	Image intensifier tubes (2nd generation) <sup>1</sup>	Meprolight (1990) Ltd	ditto	Criteria 2, 3, 4, 6 and 7
04-03-2008	NL 05/2008	Israel	Armoured vehicle parts	L.D. Nordan Industries Vehicles	Defence, Israel	Criteria 2 and 4
11-02-2008	NL 04/2008	Serbia	Night vision scope	Defence	Defence, Serbia	Criteria 3 and 5
08-02-2008	NL 03/2008	Israel	T-55 tank parts	L.D. Nordan Industries Vehicles	Defence, Israel	Criteria 2 and 4
18-08-2008	NL 02/2008	Pakistan	Laser range finders	Technique Corporation Ltd	Defence, Pakistan	Criteria 2, 4, 5, 6 and 7
11-04-2008	NL 01/2008	Algeria <sup>2</sup>	Night vision goggles	Defence	Defence, Algeria	Criterion 2

**Footnotes to Appendix 4:**

<sup>1</sup> Where dual-use goods are intended for army, police or security services of the envisaged country of final destination, licence application and sondage denials are also notified by the Netherlands within the EU as well.

<sup>2</sup> The denied licence application to Algeria notified under NL 01/2008 was reviewed in 2009, after which the notification was withdrawn.

**Appendix 5: Table showing Government disposals of surplus defence equipment in 2008 <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>
Radar parts	n.a.	Netherlands	Air Traffic Control NL
Wheeled vehicles and accessories	n.a.	Estonia	Ministry of Defence
Diverse wheeled vehicles and medical goods	n.a.	Estonia	Ministry of Defence
Wheeled vehicles	Ministry of Foreign Affairs NL	Lebanon	Ministry of Defence
Leopard 2A6 tanks	n.a.	Portugal	Ministry of Defence
Munitions for M-class frigate	n.a.	Portugal	Ministry of Defence
Engine parts for F-16 aircraft	n.a.	Portugal	Ministry of Defence
Driver training cabins, Leopard 2A4 tank	Krauss Maffei Wegmann Germany	Unknown <sup>2</sup>	Unknown <sup>2</sup>
Leopard 2A4 tank parts	Rheinmetall Landsysteme Germany	Unknown <sup>2</sup>	Unknown <sup>2</sup>
Spare parts, wheeled vehicles	n.a.	Macedonia	Ministry of Defence
Wheeled vehicles, trailers, medical goods etc.	n.a.	Rwanda	Ministry of Defence
Wheeled vehicles, trailers and field kitchens	n.a.	Uruguay	Ministry of Defence
HAWK PIP II parts	n.a.	Israel	Ministry of Defence
Wheeled vehicles with trailers, 600 kN	n.a.	Chile	Ministry of Defence
<b>Total value of the contracts</b>			<b>Approx. € 90 million</b>

**Footnotes to Appendix 5:**

<sup>1</sup> The amount shown is based on the value of the contracts concluded in 2008. Actual delivery of the goods did not in all cases take place in 2008.

<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.