

# Analysis of Dutch arms export licences 2008



**Campagne tegen Wapenhandel, November 2009**  
*Frank Slijper*

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**Author:** Frank Slijper

**Editor:** Wendela de Vries

**Translation:** Karin Engelbrecht

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## Campagne tegen Wapenhandel



**71 Anna Spenglerstraat**

**1054 NH Amsterdam**

**The Netherlands**

**T/F: +31 (0)20 616 4684**

**info@stopwapenhandel.org**

**www.stopwapenhandel.org**

**Triodos bank account number: 39.04.07.380**

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## Overview of Dutch Arms Trade Analysis 2008

- The Netherlands' arms export figures reached record heights in 2008: **1,26 billion euros**.
- The number of Dutch arms exports has increased even in the longer term, from approximately 500 million euros at the turn of the century to an average of over one billion euros since 2003. All indications show that this high level will be maintained in the coming years.
- The largest exports were second-hand defence materials (Leopard tanks, frigates); new naval ships; parts for fighter planes and -helicopters, and the sale of radar systems.
- The largest permit, worth 278 million euros, was for the export of two corvettes, built by De Schelde, to Indonesia. This, combined with a license for fire control radar equipment for the corvettes, made Indonesia the second largest arms export destination in 2008, at a total of 316 million euros. This development partner has been the fourth largest customer of the Dutch arms trade for the **past decade**, after the U.S., Germany and Greece, good for a total of **655 million euros**.
- In 2008, **Portugal** was the main consuming market. Defence sold the country two second-hand frigates and 37 second-hand Leopard tanks for 319 million euros.
- **Canada** fattened Defence's bank account with over 91 million euros for surplus Leopards, which were deployed in Afghanistan.
- Despite the explosive situation in **Pakistan**, the country was allowed to purchase 4 million euros worth of Dutch equipment to give F-16 fighter planes a 'midlife update'. In 2009, Pakistani F-16s bombed the Waziristan region in an attempt to gain control over the area, causing over 100,000 civilians to flee.
  - Other remarkable arms export licenses were issued for:
    - **Turkey**, which bought mainly radar, for 21 million euros.
    - Night vision equipment worth 15 million euros for **Ukraine**, which was paid for by the European Commission.
    - An order of 12 million euros from **Brunei** for fire control radar systems.
    - Submarine parts worth 9 million euros for **Taiwan**.
    - Parts for NH-90 military helicopters were sold to **Oman**. A license worth 3.5 million euros follows previous orders worth millions in recent years.
    - Military communications systems and simulation equipment for **Saudi Arabia** worth 2 million euros. This excessively repressive regime is a very important market for Dutch weapons.
- The Netherlands is also transit point for weapons. Remarkable weapons shipments via Schiphol airport and Rotterdam harbour include:
  - On the eve of the war with Russia, 8.2 million firearm cartridges were flown from the U.S. to **Georgia** via Schiphol airport.
  - A military helicopter and 20,000 guns were transported from Czech Republic over Dutch soil to **Sri Lanka**, which soon after launched a devastating attack against Tamil rebels.
  - Hundreds of U.S. arms shipments from or on their way to **Iraq** or **Afghanistan** pass through Schiphol.
    - Dual-use (both civilian and military) classified optical equipment was supplied to the armies of **South Korea** (over 13 million euros), **India** (3.7 million), **Morocco** (3.1 million), **Thailand** (1.9 million) and **China** (1.4 million). **Libya** purchased a dual-use classified search radar for more than 1 million euros, the first military order from that country in decades.

# Introduction

The Campagne tegen Wapenhandel has been publishing its annual Analysis of Dutch Arms Export Licences, a critical survey of Dutch arms trade, since 2005. With this analysis, we hope to provide insight into and commentary on the most recent available data on the Netherlands' role in international arms trade. This analysis is based largely on rough surveys of export- and transit licences for so-called strategic goods, as published by the Ministry of Economic Affairs on its website (since 2004).<sup>1</sup> Furthermore, it can be seen as an addition to the Dutch government's official annual reports on arms export that have been published on behalf of the Parliament since 1998 and which focus on general policy.<sup>2</sup>

This year, our analysis kicks off with a brief overview of the main developments in Dutch arms trade in 2008 (see previous page). The first chapter will offer a general description of Dutch arms trade and its role in the international arms market. Then, chapter 2 will give a country overview of remarkable - sometimes controversial - arms export licences, explained on the basis of the criteria for arms export policy. The following chapters will focus on the transit of arms through the Netherlands (Chapter 3), participation in international defence materials projects (Chapter 4), the export of dual-use goods (Chapter 5) and other noteworthy issues (Chapter 6).

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<sup>1</sup> <[www.ez.nl/english/Subjects/Globalisation/Exportcontrols/Transit\\_transactions\\_through\\_the\\_Netherlands](http://www.ez.nl/english/Subjects/Globalisation/Exportcontrols/Transit_transactions_through_the_Netherlands)>

<sup>2</sup> [www.ez.nl/english/Subjects/Globalisation/Exportcontrols/Manual\\_on\\_strategic\\_goods](http://www.ez.nl/english/Subjects/Globalisation/Exportcontrols/Manual_on_strategic_goods)

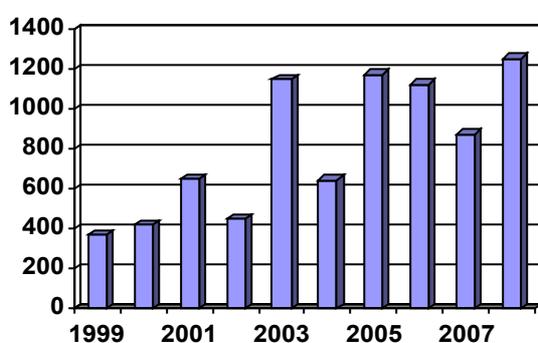
# 1. Dutch arms trade in perspective

## Record year shows upward trend

The year 2008 was a record year for Dutch arms exports. The Dutch government granted export licences with an unprecedented value totalling 1,258 million euros<sup>3</sup>. This peak fits in with the trend for rising arms exports. While export values rarely exceeded five hundred million euros in the nineties and up to 2003, they have since grown to an average of over one billion euros.

And, while the government attributes increased arms exports to 'incidental sales'<sup>4</sup>, closer examination reveals that this increase is due to two long-term factors. Firstly, Defence has had a very lucrative business in recent years with the sale of second-hand equipment, including F-16 aircraft (Chile, Jordan), tanks (Canada, Portugal) and frigates (Chile, Portugal, Belgium<sup>5</sup>). Although earnings really fluctuate from year to year, there have been a high number of second-hand sales for years and no structural decline is expected in the near future.

■ Dutch arms exports, 1999-2008 (in millions of euros)



Secondly, for the first time in decades, export orders for new naval vessels were placed, of which the value per contract runs in the many hundreds of millions of euros. This is reflected in the figures for recent years and the sale of four corvettes by shipyard De Schelde<sup>6</sup> to Indonesia, for which permits were issued in 2006 and 2008. But that was not an incidental order either. Applications for export licences are expected this year or next for a contract signed in 2008 with Morocco for three frigates.

Due to the Moroccan order and recently sold surplus F-16s to Jordan and Chile, it is expected that the Netherlands' arms exports will maintain its high levels of recent years in 2009 and 2010. This expectation is also supported by the well-filled order book of Thales Netherlands, the largest Dutch arms producer, along with De Schelde. In 2009, the Hengelo based company signed big contracts with countries such as the United Arab Emirates (military communications for tanks<sup>7</sup>), Greece, Australia and England.

<sup>3</sup> Jaarrapportage wapenexportbeleid 2008, Tweede Kamer, vergaderjaar 2009-2010, 22054, nr. 148 (Annual report arms export policy 2008, Second Chamber, 2009-2010, 22054, nr. 148, 2 October 2009)

<sup>4</sup> Second Chamber, 2008-2009, 22054, nr.146 (12 May 2009)

<sup>5</sup> Belgium does not appear in the arms export data, because the Benelux treaty allows for free movement of military goods.

<sup>6</sup> Now known as Damen Schelde Naval Shipbuilding

<sup>7</sup> See "IDEX closes with over \$5 billion in signed contracts", by Luca Bonsignore, DefPro website, 5 March 2009 (<http://www.defpro.com/daily/details/257/>); "UAE announces major arms deals at IDEX 2009", Xinhua, 24 February 2009 (<http://english.peopledaily.com.cn/90001/90777/90854/6599453.html>)

Based on the arms export figures published annually by the Dutch government, the following summary can be made of the thirty most important destinations of the past decade:

**Table 1.1: Most important Dutch arms export destinations (1999-2008)**

(value of licences in millions of euros)

'99- '08	'98- '07	Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total 1999-2008
1	(2)	Germany	80.86	82.50	49.55	75.35	84.29	88.19	383.89	76.12	70.88	157.05	1,148.68
2	(1)	US	54.14	94.75	166.13	132.58	237.21	75.35	92.71	63.54	121.52	56.34	1,094.27
3	(3)	Greece	8.35	12.39	162.45	46.78	431.66	161.43	3.26	4.11	0.37	6.16	836.96
4	(6)	Indonesia	36.98	2.77	0.32	0.96	5.02	1.22	13.46	278.19	0.07	316.42	655.41
5	(7)	Various NATO- countries/EU+	55.27	30.95	9.16	19.12	1.69	19.83	42.50	41.75	86.62	131.93	438.82
6	(4)	Chile	1.68	0.18	10.80	0.51	0.52	0.55	295.62	98.46	12.22	2.04	422.58
7	(19)	Portugal	1.18	6.53	1.50	0.47	2.47	1.00	81.34		0.61	319.41	414.51
8	(5)	South-Korea	2.86	66.66	34.35	7.96	99.93	114.97	9.75	3.88	2.78	0.99	344.13
9	(9)	UK	33.67	34.40	22.24	10.69	21.69	21.18	22.62	23.49	41.64	33.12	264.74
10	(10)	France	5.13	6.85	6.12	21.89	12.42	56.44	20.27	50.52	47.13	10.84	237.61
11	(11)	Venezuela	1.41		1.77			27.62	7.67	196.42			234.89
12	(12)	Denmark	11.75	1.18	5.99	0.84	3.54	10.99	1.93	4.30	170.56	15.03	226.11
13	(8)	Turkey	17.43	4.58	6.67	21.83	75.42	3.50	12.42	43.70	2.63	20.91	209.09
14	(17)	Canada	17.02	3.13	19.97	14.03	2.32	2.81	4.79	31.70	3.47	93.57	192.81
15	(14)	Italy	5.04	2.22	2.18	4.99	4.22	21.27	32.49	40.69	23.75	3.02	139.87
16	(13)	Taiwan	8.53	5.67	30.13	38.37	7.19	5.84	21.95	9.59	2.23	8.66	138.16
17	(15)	Oman		0.05	0.02	2.58				20.01	101.23	3.5	127.39
18	(16)	Poland	1.04	0.77	0.77		89.07	0.48	5.31	3.41	0.49		101.34
19	(20)	Spain	2.63	0.73	3.13	0.95	4.41	2.50	7.02	5.19	67.47	2.42	96.45
20	(18)	Norway	1.04	1.18	71.33	1.05	5.27	0.33	6.60	2.09	4.89	2.13	95.91
21	(23)	Sweden	1.23	3.31	1.81	2.70	4.07	3.98	9.73	2.88	23.05	20.51	73.27
22	(21)	Egypt	0.82	1.23	0.14			0.03	40.36	0.29	14.69	3.39	60.95
23	(22)	Latvia								57.04	0.08	0.16	57.28
24	(28)	Japan		5.13	0.14	0.02	1.53	5.55	14.11	3.82	7.78	11.05	49.13
25	(25)	India			1.36	0.10	8.72	0.39	5.00	5.30	21.89	1.47	44.23
26	(24)	Switzerland	4.99	12.75	8.44	5.61	3.68	2.19	0.21	0.58	4.20	0.84	43.49
27	(26)	Finland	0.32	0.36	3.08	0.55	1.39	0.75	2.57	30.25	1.97	0.65	41.89
28	(29)	Saudi-Arabia				20.98	0.78			0.01	7.74	1.92	31.43
29	(30)	Thailand	0.64	0.45	5.67	2.32	0.45	0.67	2.80	7.36	5.74	0.67	26.77
30	(-)	Bangladesh		19.74		0.52	2.66	1.17		1.86			25.95
<b>Total</b>		<b>all countries</b>	<b>366</b>	<b>417</b>	<b>651</b>	<b>450</b>	<b>1,151</b>	<b>644</b>	<b>1,175</b>	<b>1,125</b>	<b>874</b>	<b>1,258</b>	<b>8,111</b>

In 2008 - as in 2007 - twenty permits had a value of more than ten million euros (see table 1.2). Of these, one was not listed in the books as arms *export*. Ukrainian night vision equipment was delivered through a Dutch company, but travelled to its destination via Germany. An authorisation for the Financial Transportation of Strategic Goods (FVS) was required because of the financial role played by the Dutch company, but this was not regarded as export by the Dutch government.<sup>8</sup> Another peculiarity was the authorisation of patrol vessels from Damen Schelde Naval Shipbuilding, which after processing by a sister shipyard in Galati, Romania, returned to the Netherlands,<sup>9</sup> after which The Hague nonetheless defined it as arms export.

**Table 1.2: Largest arms export licences 2008** (licences from 10 million euros and up)

Issue date	Nr.	Description of goods	Destination	Final Destination	Origin	Value (€)
16-06-2008	27621414	Corvettes	Indonesia		The Netherlands	278,148,024
22-09-2008	28144261	Frigates	Portugal		The Netherlands	240,000,000
03-12-2008	28305451	Programmes and technology for armoured vehicles	Germany		The Netherlands	100,000,000
21-08-2008	28033451	Leopard II A6 tanks including a training tank	Luxembourg	Portugal	Germany	77,587,800
05-02-2008	27553958	Leopard II A6 tanks and Leopard II A4 tanks	Canada		The Netherlands	65,360,023
22-05-2008	27726933	Patrol ships	Romania	The Netherlands	The Netherlands	60,000,000
06-03-2008	27434193	Components for radar fire control systems	Indonesia		The Netherlands	37,286,000
09-09-2008	28108273	Components for armoured vehicles	Denmark & Sweden		Unknown	26,400,000
22-10-2008	28212453	Leopard II A4 tanks	Canada		Germany	21,850,023
01-10-2008	28180144	Components for anti-aircraft missiles	Germany	NATO	Unknown	21,028,233
07-05-2008	27717799	Components for military aircraft and helicopter motors	US		The Netherlands	20,000,000
23-05-2008	27760074	Patriot Transmitters	Germany		The Netherlands	17,872,237
25-01-2008	27479286	Tracking radar systems	Turkey		The Netherlands	16,000,000
20-06-2008	27756719	Infra-red night vision equipment	Ukraine		Germany	15,525,552
16-09-2008	28133308	Components for NH90 helicopters	EU countries		The Netherlands	15,000,000
14-05-2008	27735355	Long range tracking radar systems	UK		EU countries	14,505,702
05-08-2008	28006373	Long range radar systems and accessories	UK		The Netherlands	12,707,230
24-06-2008	27768199	Radar fire control systems	Germany	Brunei	Unknown	12,200,000
25-02-2008	27598684	Components for F-16 fighter planes	US		The Netherlands	10,628,437
16-09-2008	28133332	Components for F-16 and AH-64 Apache	NATO+		The Netherlands	10,065,150

Combined, these largest arms export licences represent a value of over one billion euros, or about eighty percent of 2008's total arms exports. In addition to the previously mentioned sale of surplus Leopard tanks and frigates to Portugal and Canada, and the export of naval ships to Indonesia, large licences for radar equipment from Thales Netherlands, bound for Brunei (12 million euros),

<sup>8</sup>While this licence was issued as an export licence by the Dutch Ministry of Economic Affairs (see <http://www.ez.nl/dsresource?objectid=161598&type=PDF>), the government reported that this concerned a Financial Transportation of Strategic Goods authorisation (FVS) in response to parliamentary questions (Second Chamber, 2008-2009, 22,054, nr.146, May 12, 2009). Because of the high value and thus the considerable importance of the order for that company, the licence was included here.

<sup>9</sup> "Construction Patrol Vessels Begins", Damen Schelde website, 9 December 2008 (<http://www.damennaval.com/nl/news.htm?item=4>)

Turkey (16 million) and the United Kingdom (27 million) stand out. Finally, some licences issued to arms manufacturers that appointed Dutch companies as suppliers also jump out. Hefty orders issued to Dutch companies included the construction of armoured vehicles in Germany, the Apache attack helicopter at Boeing and the F-16 fighter bomber by Lockheed Martin. It should be noted that it is not always clear what the ultimate destination of these foreign-produced systems are (see also the International equipment projects section).

### Small country, large exporter

The Netherlands has managed to maintain a leading position in an international defence market, which has grown significantly since 2002, according to Stockholm-based SIPRI, a leading research institute. Viewed over a period of five to ten years, the Netherlands occupies sixth place, and although nowhere near the top five (most notably the US and Russia) it dominates a number of much larger countries. This is remarkable for a small country like the Netherlands. Looking only at the last year, the Netherlands' fifth place in 2006 and 2007 has been exchanged for a seventh place in 2008.

Table 1.3: **The world's largest arms exporting countries**  
(SIPRI Trend Indicator Value)

	1999-2008		2004-2008		2008	
1	US	70,129	US	34,901	US	6,159
2	Russia	53,540	Russia	28,536	Russia	5,953
3	Germany	18,192	Germany	11,450	Germany	2,837
4	France	16,300	France	9,607	France	1,585
5	UK	10,704	UK	5,132	UK	1,075
6	<b>The Netherlands</b>	5,155	<b>The Netherlands</b>	3,803	Spain	623
7	Ukraine	4,471	Italy	2,761	<b>The Netherlands</b>	554
8	Italy	4,374	Spain	2,123	Italy	484
9	China	4,139	Ukraine	2,083	China	428
10	Sweden	4,122	Sweden	2,012	Israel	410
11	Israel	3,627	Israel	2,007	Belgium	408
12	Spain	2,484	China	1,908	Sweden	380
13	Canada	2,094	Canada	1,322	Switzerland	378
14	Switzerland	1,809	Switzerland	1,262	Ukraine	233
15	Belarus	1,400	Belgium	704	Canada	215

For this international overview, SIPRI has developed the Trend Indicator Value, which is not based on the order amounts, but on the relative value of delivered weapons systems and certain components thereof.<sup>10</sup>

In addition, SIPRI collects data from countries that publish information about the financial size of their arms trade. The disadvantage of this kind of overview is that many countries do not issue

<sup>10</sup> see [http://www.sipri.org/research/armaments/transfers/data\\_on\\_inter\\_arms\\_trade\\_default/background/explanations2\\_default](http://www.sipri.org/research/armaments/transfers/data_on_inter_arms_trade_default/background/explanations2_default)

(annual) reports and are therefore not included. But since the missing countries - notably China, Canada, Ukraine, Belarus and Poland - export fewer arms than the Netherlands, this does not affect the Netherlands' eighth position (see Table 1.4). Israel's fourth position on the list stands out, as the country is missing from the Trend Indicator Value list. This can be explained due to the fact that many of the (sub)systems that Israel sells fall outside the Trend Indicator Value. The country also earns much through the modernisation of weapons, which also falls outside the TIV.

**Table 1.4: The world's largest arms exporting countries 1998-2007**  
(reported financial value<sup>11</sup>)

1	US	142.411
2	France	56.683
3	Russia	54.872
4	Israel	35.126
5	UK	27.488
6	Germany	12.866
7	Italy	9.916
8	<b>The Netherlands</b>	9.242
9	Belgium	9.034
10	Sweden	8.525
11	Spain	5.072
12	Austria	5.047
13	Norway	3.284
14	South-Korea	3.002
15	Brazil	2.528

<sup>11</sup> Amounts in US\$ millions at constant (2007) prices. Source: SIPRI Yearbook 2009, Appendix 7B. Only countries of which the full period of ten years' data was known were selected. Furthermore, some of the countries' figures were based on actual exports, whereas others, such as the Netherlands, reported the value of licences issued.

## 2. Arms exports by country

### Arms export policy

The current Dutch arms export policy was shaped in the early 90s and has been based on the European Union code of conduct on arms exports<sup>12</sup> as of 1998. This consists of eight criteria that are explained in an extensive User's Guide.<sup>13</sup> In December 2008, this voluntary code of conduct was converted into a legally binding Common Position of the European Council.<sup>14</sup> Nothing has changed for the Netherlands - it just means that the European countries that had not yet legally enshrined the European arms export policy in their laws were obligated to do so.<sup>15</sup> This applies to new member countries in particular. An arms export license has to be sought for the export of military goods. In the Netherlands this licensing process is led by the Ministry of Economic Affairs, in close cooperation with the Ministry of Foreign Affairs. The arms export criteria require EU Member States to weigh the following issues when assessing applications for licences<sup>16</sup>:

1. compliance with international obligations, in particular issued sanctions and treaties on non-proliferation.
2. respect for human rights in the country of final destination.
3. the domestic situation in the country of final destination as a result of tensions or armed conflicts.
4. maintaining peace, security and stability in the region.
5. the national security of member states and of territories whose external relations is handled by one of the states, and of friends or allies.
6. the behaviour of the country of final destination towards the international community, especially its attitude towards terrorism, the nature of its alliances and respect for international law.
7. the risk that the goods are used for other purposes than the declared end use, whether in the procuring country itself or through undesired re-export.
8. compatibility of arms exports with the desirability that states should be able to meet their legitimate security and defence needs with the least possible burden on people and resources.

In practice, the necessary criteria leave room for interpretation, which means that countries in conflict areas, developing countries or governments that do not comply with human rights can buy weapons in Europe. By way of the arms export permits issued in 2008, this chapter will show just how flexibly the Netherlands interprets the arms export policy. The focus is mainly on 'problematic' destinations.

This choice is somewhat arbitrary, because it would also be valid to criticise consignments to the US, for example, because of the many civilian casualties that the US military has caused in Afghanistan, and because of the many extrajudicial executions of suspected Taliban or Al Qaeda fighters in Pakistan through missile attacks with UAVs, which also left many civilians dead.<sup>17</sup> Because

<sup>12</sup> <http://www.consilium.europa.eu/uedocs/cmsUpload/08675r2en8.pdf>

<sup>13</sup> <http://register.consilium.europa.eu/pdf/en/09/st09/st09241.en09.pdf>

<sup>14</sup> Council Common Position 2008/944/CFSP of 8 December 2008 defining rules governing control of exports of military technology and equipment (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:EN:PDF>)

<sup>15</sup> 'Vraag 29, Tweede Kamer, vergaderjaar 2008-2009, 22054, nr.146, 12 mei 2009' (Question 29, Second Chamber, 2008-2009, 22,054, nr.146, May 12, 2009)

<sup>16</sup> Based on the 'Jaarrapportage Export Policy 2007' (Annual Report Export Policy 2007, see [http://www.ez.nl/Onderwerpen/Internationaal\\_Ondernemen/Exportcontrole\\_strategische\\_goederen/Militaire\\_goederen/Jaarrapportages\\_wapenexportbeleid/Jaarrapportage\\_wapenexportbeleid\\_2007](http://www.ez.nl/Onderwerpen/Internationaal_Ondernemen/Exportcontrole_strategische_goederen/Militaire_goederen/Jaarrapportages_wapenexportbeleid/Jaarrapportage_wapenexportbeleid_2007))

<sup>17</sup> For a comprehensive list, see: "U.S. Predators target the Haqqanis in North Waziristan," by Bill Roggio,

of the direct relationship between the delivered goods and the war effort, Canada was included below. The following table also shows the ranking of the destination country on the Human Development Index (HDI). These UN statistics determine the development position of a country based on a series of socio-economic factors.<sup>18</sup>

**Table 2.1: Controversial destinations in 2008**

(listed alphabetically; amounts in millions of euros)

Destination	Amount	Description of goods	HDI	Review of arms export criteria
Canada	93,57	Mostly Leopard tanks	4	Taken over from Defence for deployment in Afghanistan; not capable of winning 'hearts and minds'. <sup>19</sup>
Chile	2,04	Frigate components	44	Chile is the world's 11th biggest weapon importer, up from 30 <sup>th</sup> a decade ago. <sup>20</sup> The country has spent half a billion in the Netherlands over the last decade to build a complete weapons arsenal, which has set the tone for the current arms race on the continent. Peru, in particular, views Chile's armament with suspicion. The Chilean defence budget has increased by 65% in ten years. <sup>21</sup>
Egypt	3,39	Night vision equipment; radar fire control systems	123	Relatively small orders have followed larger deliveries in 2005-7. Egypt is a repressive country – with a 28-year state of emergency. <sup>22</sup> Even a long-term development relationship has not stood in the way of Dutch arms exports.
India	1,47	Radar	134	After years of embargo for nuclear tests and strained relations with Pakistan, India has been a growth market again since 2003 (totalling licences of over 44 million euros <sup>23</sup> ) India has massive poverty, poor healthcare <sup>24</sup> and a precarious security situation (including nuclear weapons).

Long War Journal Web site, 20 August 2009

([http://www.longwarjournal.org/archives/2009/08/us\\_predators\\_target.php](http://www.longwarjournal.org/archives/2009/08/us_predators_target.php))

<sup>18</sup> For reference purposes: in 2007 (the last known year) the numbers 1 (Norway) to 83 (Lebanon) were listed as (very) highly developed, 84 (Armenia) to 158 (Nigeria) formed the middle group and 159 (Togo) to 182 (Niger) were listed as "Low Human Development". For more background and statistics, see:

<http://hdr.undp.org/en/statistics/>

<sup>19</sup> "Leopard 2 packs a heavyweight punch into Canada's operations in Afghanistan", by Rupert Pengelley, Jane's International Defence Review, May 2009

<sup>20</sup> See SIPRI Arms Transfers Database ([http://armstrade.sipri.org/arms\\_trade/toplist.php](http://armstrade.sipri.org/arms_trade/toplist.php) - from 2004-2008 and 1994-1998)

<sup>21</sup> See SIPRI Military Expenditure Database (<http://milexdata.sipri.org/>)

<sup>22</sup> See SIPRI Military Expenditure Database (<http://milexdata.sipri.org/>)

<sup>23</sup> Furthermore, 2008 was the first time in years that a large licence for dual-use night vision equipment was issued. This was previously considered problematic by The Hague (see dual-use section).

<sup>24</sup> According to Save the Children, over 400,000 babies die in India within 24 hours of their birth because of malnutrition and easily preventable diseases like pneumonia and diarrhea, see "Babysterfte in India enorm hoog" ("High infant mortality rate in India") published in *De Volkskrant*, a Dutch daily, 6 October 2009.

Destination	Amount	Description of goods	HDI	Review of arms export criteria
Indonesia	316,42	Two corvettes; radar fire control systems; landing gear F-16 fighter plane	111	Despite a long-term development relationship <sup>25</sup> and large-scale poverty issues, <sup>26</sup> The Hague did not consider 600 million euros' worth of arms sales (2006-2008) to conflict with criterion 8. As the licences for F-16 components show, The Hague no longer sees supplying the Indonesian air force with parts as controversial.
Israel	0,31	Sonar cable; components for Hawk anti-aircraft defence	27	The Netherlands has permitted small-scale direct military consignments, despite human rights violations against Palestinians, and despite recent wars in Lebanon and Gaza. <sup>27</sup>
Jordan	2,76	Night vision equipment	96	For Special Operations Command. This dictatorship is known for massive human rights violations, including torture, and the freedom of expression is deteriorating. <sup>28</sup>
Lebanon	0,65	109 army trucks	83	Support for the Lebanese army within the framework of Security Sector Reform. <sup>29</sup>
Libya	0	'temporary' licences and 'dual-use' radar for the army	55	After decades of arms embargo, night vision equipment was sent to Libya 'on trial' as well as (repaired?) military helicopter components from Italy. Radar was sold to the armed forces. <sup>30</sup> The Netherlands is entering a potentially lucrative market in the wake of Italy, France and UK.
Macedonia	1,71	Night vision equipment	72	Years of development support have gone hand in hand with military aid, to the tune of 7 million euros over the last four years, despite an extremely fragile security situation.
Malaysia	3,97	Night vision equipment and radar components	66	Repressive regime; transit port for clandestine arms deals. <sup>31</sup>

<sup>25</sup> [http://www.minbuza.nl/nl/Onderwerpen/Ontwikkelingsbeleid/Landen/Landen\\_op\\_alfabet/I/Indonesië](http://www.minbuza.nl/nl/Onderwerpen/Ontwikkelingsbeleid/Landen/Landen_op_alfabet/I/Indonesië)

<sup>26</sup> The access to clean drinking water is comparable to countries such as Bangladesh and Burma (Myanmar) ([http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_IDN.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_IDN.html))

<sup>27</sup> "In verband met de omstandigheden in het Midden-Oosten – in het bijzonder het Israëlich-Palestijnse conflict alsmede het conflict met Hezbollah in Libanon – heeft Nederland een zeer restrictief wapenexportbeleid jegens Israël. De Nederlandse regering heeft zorgen omtrent de regionale situatie, interne spanningen en de mensenrechtensituatie, maar erkent tegelijkertijd, conform het VN-Handvest, het Israëliche recht op zelfverdediging. Er is geen sprake van een wapenembargo op dit land." (Tweede Kamer, vergaderjaar 2007–2008, 22 054, nr. 130, 23 oktober 2007) (Translated: "Given the circumstances in the Middle East - in particular the Israeli-Palestinian conflict and the conflict with Hezbollah in Lebanon - the Netherlands maintains a very restrictive arms export policy towards Israel. The Dutch government has concerns about the regional situation, domestic tensions and human rights issues, but simultaneously recognises the Israeli right to self defence, according to the UN Charter. There is no arms embargo on this country." Second Chamber, 2007-2008, 22 054, No. 130, 23 October 2007)

<sup>28</sup> See Amnesty International country report Jordan (<http://report2009.amnesty.org/en/regions/middle-east-north-africa/jordan>)

<sup>29</sup> "109 DAF trucks voor Libanon" ("109 DAF trucks for Lebanon"), Dutch Ministry of Defence, 3 April 2008

<sup>30</sup> See Dual-use section

<sup>31</sup> See "Iran Gains U.S. Military Technology Through Malaysia Middlemen", by Justin Blum, Bloomberg, 13 September 2009 (<http://www.bloomberg.com/apps/news?pid=20601080&sid=aK4daf8MD.Bw>)

Destination	Amount	Description of goods	HDI	Review of arms export criteria
Ukraine	15,53	Night vision equipment	85	Order paid by European Commission for border control. <sup>32</sup> Ukrainian police and security forces are known to disregard human rights. <sup>33</sup>
Oman	3,50	NH-90 helicopter components	56	Oman has become a good arms customers in recent years; 125 million since 2006.
Pakistan	4,21	F-16 Mid-Life Update kits; components for the Swedish Erieye spy plane	141	In the wake of billions spent on arms aid by the US, the Netherlands delivered a contribution by modernising Pakistani fighter planes and building a spy fleet. The domestic and external security situation is explosive <sup>34</sup> , thanks to the possession of nuclear arms. Socio-economic development is stunted by domestic chaos and military dominance. Export clashes with criteria 2, 3, 6 and 8.
Rwanda	0,16	Military vehicles	167	One of the poorest countries, in a region where war has prevailed for fifteen years. Military support likely to fall within the framework of 'Security Sector Reform'.
Saudi-Arabia	1,92	Simulation equipment; military communications and helmets	59	One of the world's most repressive dictatorships – women's rights, freedom of press and freedom of association barely exist. <sup>35</sup> The Dutch government used to object to arms exports to this country. <sup>36</sup>
Taiwan	8,66	Components for submarines	n.v.t.	Still a top client, despite the embargo, based on an order from the 80's. Over 140 million euros has been spent on submarine components in the last decade.
Thailand	0,67	Radar	87	Particularly unstable in recent years, with a military coup and subsequent escalating political tension. <sup>37</sup> Security forces are responsible for human rights violations,

<sup>32</sup> See vraag 34, Tweede Kamer, vergaderjaar 2008-2009, 22054, nr.146 (Question 34, Second Chamber, 2008-2009, 22,054, nr.146, 12 May 2009)

<sup>33</sup> See Amnesty International country report Ukraine (<http://report2009.amnesty.org/en/regions/europe-central-asia/ukraine>)

<sup>34</sup> See: "By Air and Ground, Pakistani Soldiers Penetrate Militant Heartland", by Jane Parlez, New York Times, 19 October 2009 and "Pakistan injects precision into air war on Taliban", by Eric Schmitt, New York Times, 30 July 2009

<sup>35</sup> Amnesty wrote about the situation in its international report in 2008: "Thousands of people continued to be detained without trial as terrorism suspects and hundreds more were arrested. . [...] Human rights activists and peaceful critics of the government were detained or remained in prison, including prisoners of conscience. Freedom of expression, religion, association and assembly remained tightly restricted. Women continued to face severe discrimination in law and practice. [...] The death penalty continued to be used extensively and in a discriminatory manner against migrant workers from developing countries, women and poor people. At least 102 people were executed." ([http://www.amnesty.nl/landen\\_jaarboek/49140](http://www.amnesty.nl/landen_jaarboek/49140))

<sup>36</sup> Verslag van een Algemeen Overleg, Tweede Kamer, vergaderjaar 2002-2003, 22054 nr. 66 (Report of a General Discussion, Second Chamber, 2002-2003, 22,054 No. 66)

<sup>37</sup> "No winners in Thailand's crisis", by Jonathan Head, BBC News, 14 April 2009 (<http://news.bbc.co.uk/2/hi/asia-pacific/7998243.stm>)

Destination	Amount	Description of goods	HDI	Review of arms export criteria
				including torture. <sup>38</sup> That has not prevented arms orders; 13 million euros in past 3 years.
Turkey	20,91	Radar; armour for patrol ships; sonar; tank components	79	Regular and escalating battle against Kurds, also across the Iraqi border. <sup>39</sup> The human rights situation remains problematic. <sup>40</sup> An important destination nevertheless: over 200 million euros has been spent on Dutch weapons in ten years.
UAE	0,28	Communications systems; night vision equipment; F-16 components	35	Small order will be followed by substantial sales (worth tens of millions of euros), over the next years, for custom-built communications systems for tanks, with a deal signed at the IDEX 2009 arms exhibition. <sup>41</sup>
US	56,34	Many parts for missiles, fighter planes (JSF, F-16) and -helicopters (Apache)	13	For assembly in US. Final destination not disclosed: for US army or for 'third countries'. Israel, Morocco and Pakistan placed orders for F-16s in 2008. <sup>42</sup> Apaches were built for Egypt, Israel, Saudi-Arabia and Taiwan. <sup>43</sup>

<sup>38</sup> [http://www.amnesty.nl/landen\\_jaarboek/47957](http://www.amnesty.nl/landen_jaarboek/47957)

<sup>39</sup> "Turkey hits Kurdish bases in Iraq", BBC News, 30 April 2009 (<http://news.bbc.co.uk/2/hi/europe/8026364.stm>)

<sup>40</sup> See Amnesty International: [http://www.amnesty.nl/landen\\_dossier/5701#jaarboek](http://www.amnesty.nl/landen_dossier/5701#jaarboek)

<sup>41</sup> "IDEX closes with over \$5 billion in signed contracts", by Luca Bonsignore, DefPro website, 5 March 2009 (<http://www.defpro.com/daily/details/257/>); "UAE announces major arms deals at IDEX 2009", Xinhua, 24 February 2009 (<http://english.peopledaily.com.cn/90001/90777/90854/6599453.html>)

<sup>42</sup> See: <http://www.lockheedmartin.com/products/f16/news.html> en [http://en.wikipedia.org/wiki/F-16\\_Fighting\\_Falcon\\_operators](http://en.wikipedia.org/wiki/F-16_Fighting_Falcon_operators)

<sup>43</sup> <http://www.army-technology.com/projects/apache/>

### 3. Transit

Most weapons leave the Netherlands via Rotterdam port and Schiphol airport. Both the export and transit of weapons fall under the control of the Dutch government.<sup>44</sup> While, in some respects, control mechanisms have improved considerably over the past ten years, there are still significant gaps. The most noteworthy being that the Netherlands does not deem it necessary to control arms shipments from or to friendly countries (EU, NATO, and Japan, Switzerland, Australia and New Zealand), also under the new General Customs Law (ADW, that has been in force since 1 August 2008). A notification is sufficient in such cases, even when such a friendly country is known for implementing its arms export policy in a vastly different way than the Netherlands.

This chapter describes how allies transport weapons, via the Netherlands, to war zones and other questionable destinations, for which the Netherlands would never issue an export licence. This is possible because the interpretation of the EU export criteria varies across countries, and because the US arms export policy is very different from ours.

#### A summary of Dutch arms transit in 2008:

- The transit of arms through the Netherlands in 2008 amounted to **2,248 consignments that were reported to the authorities** (2007: 2,465, 2006: 2,059). However, the big question is just how many weapons in transit went unreported.
- The **vast majority of reported arms shipments transit through Schiphol** (1,825), followed by the port of **Rotterdam** (404). The remaining 19 reported transits went through the Eemshaven, Nieuweschans and Venlo.
- Approximately half of all reports refer to the transit of individual small arms for hunting or shooting purposes, usually one or two per report, with ammunition. Most of these reported transits are destined for Tanzania (485) and South Africa (257).
- Among the thousand or so remaining transit consignments there are **a number of very large loads and a number of worrying destinations**.
- A **transit licence** was issued 21 times, as was called for under the old rules for so-called slow transit, and under the new General Customs Law for transit from and to 'non-allies' that has been in effect since 1 August. In addition, the ability to impose **ad hoc licences** (see table 3.1) was used four times (compared to 6 times each in both 2006 and 2007). This is used when the authorities are not sure of the legitimacy of a shipment and would like to test it against the rules. Interestingly, two such licences were imposed for transit from the US: for 707 kg paint for Iran, and some ten thousand kg armoured vehicle parts bound for Qatar. In the Iran case, the cargo was returned, but what happened with the consignment to Qatar is unclear. A reported consignment from Bosnia with 850,000 7.62 x 51 mm cartridges - used for snipers and machine guns - destined for the Philippines, was cancelled after licensing was required. It is unclear what happened to a consignment of rocket launchers bound for Georgia from Singapore. A report filed in Maastricht on 10 January was later cancelled, but a similar consignment was reported at Schiphol on 21 January, for which ad hoc licensing was imposed. Economic Affairs' data is not clear on what ultimately happened to the shipment.<sup>45</sup>

Also noteworthy are three large loads of ammunition travelling from Serbia to Ecuador, which were cancelled, possibly after the exporter was told that a general licence applies for such

<sup>44</sup> See:

[http://www.ez.nl/Onderwerpen/Internationaal\\_Ondernemen/Exportcontrole\\_strategische\\_goederen/Doorvoer](http://www.ez.nl/Onderwerpen/Internationaal_Ondernemen/Exportcontrole_strategische_goederen/Doorvoer)

<sup>45</sup> Moreover, this data is inconsistent with answers to Parliamentary questions, in which the Dutch government denies that ad hoc licensing was imposed in the first six months. See 'vraag 20 in Tweede Kamer, vergaderjaar 2008-2009, 22054, nr.146' (question 20 in Second Chamber, 2008-2009, 22,054, nr.146, 12 May 2009)

transits under the new General Customs Law. It is unknown what subsequently happened to those weapons. Unlike rejected licences, the Dutch government does not notify cancelled shipments to fellow EU countries; it is therefore possible that the shipment could have been sent via another EU country.

**Table 3.1: Cancelled transit and ad hoc licensing requirements**

Application date	Number	Description of goods	Country of origin	Destination country	Ad-hoc Y/N	LP/TC	Reported at
09-01-2008	5.000	Fuse heads	Singapore	Brazil		TC	Schiphol
10-01-2008	10	Grenade launchers	Singapore	Georgia	Y		Schiphol
21-01-2008	10	Grenade launchers	Singapore	Georgia		TC	Maastricht
27-02-2008	13	Helicopter components	Russia	Colombia		TC	Schiphol
13-03-2008	707 kg	Paint	US	Iran	Y	returned	Schiphol
15-05-2008	850.000	7,62x51 mm cartridges	Bosnia-Herz.	Philippines	Y	TC	Rotterdam
16-06-2008	9.486 kg	Armoured vehicle components	US	Qatar	Y		Schiphol
30-12-2008	5.573	40 mm calibre grenades	Serbia	Ecuador		TC	Rotterdam
30-12-2008	3.022.222	5,56x45 and 9x19 calibre cartridges	Serbia	Ecuador		TC	Rotterdam

(Ad hoc Y/N = Ad-hoc licensing requirement yes or no; LP = licensing procedure; TC = transit cancelled)

### **Schiphol as transit port for the wars in Afghanistan and Iraq**

As in 2007, Schiphol airport seems to be conspicuously used for transports to and from the conflicts in Iraq and Afghanistan, and related shipments to and from Qatar. The vast majority of these shipments contained US weapons and components, while a smaller number have Great Britain or Germany as origin or destination. The weapons for Afghanistan could be intended for foreign entities or the Afghan army.

**Table 3.2: Number of reported transits 2008**

To:	Afghanistan	Iraq	Qatar	US (+Europe)
From: Afghanistan	X			96
Iraq		X		197
Qatar			X	0
US (+ Europe)	23	106	55	X

### **Chile**

Some 3 million 7.62x51 and 5.56x45 calibre weapons cartridges travelled to Chile from Serbia via Rotterdam.

### **Colombia**

Despite decades of protracted civil war, six arms shipments were sent to Colombia without intervention by the Dutch government. This included two unmanned aircraft from Israel and nearly two million empty cartridge cases from Spain. A licence was also granted for the transit of 'UAVs and related components' (a possible return for repair) from Colombia to Israel on 7 November, under the new licensing system. On 1 August a mention ("Return Air Show") was made for a consignment from Colombia to Israel. It is unclear why no licence was applied for; it should have been required under the new General Customs Law as of 1 August.

## **Cuba**

Thirty Russian 'Range Finders BD-1 binoculars' flew to Cuba via Schiphol.

## **El Salvador**

A consignment of 360,000 5.56 x45 mm calibre cartridges was shipped to El Salvador from Bulgaria via Rotterdam. As in other Central American states, the presence of large amounts of firearms - often a legacy of the civil wars of the 70s and 80s - has a destabilising effect on the fragile reconstruction process.<sup>46</sup>

## **Georgia**

After tensions had gradually built up over the preceding months, a brief but intense war broke out between Russia and Georgia in the early hours of 8 August 2008. The Russian force majeure and the lack of military support from the West represented a grim defeat for the Georgian President Saakashvili. Three major American ammunition shipments, which were registered for trans-shipment at Schiphol two weeks before the war, shine a different light on the lack of support. On 22 July, the shipment of some 7.2 million units of 5.56 mm cartridges was reported. Despite the rising tensions in the region, the Netherlands saw no need to thwart this monster ammunition shipment in any way.

## **Honduras**

On 12 March, the shipment of 10,000 'guns and calibre 5.56 magazines', bound for Honduras from Bulgaria was reported. On 1 October, this was followed by a report of 1.13 million Bulgarian 5.56 x 45 mm cartridges. On 28 June 2009 a military coup took place and President Zelaya was deposed. The coup illustrates the vulnerability of countries that are trying to emerge from a past of military dictatorship. The influx of more weapons was certainly not conducive to stability.

## **India**

Some 22 Ukrainian shipments departed from Schiphol to India between February and April 2008, with components of (combat) planes, one of which fell under the licensing requirement. A shipment from Poland with components for tanks and artillery were shipped via the port of Rotterdam.

## **Israel**

Whereas the Netherlands itself grants few or no direct export licences to Israel, large-scale shipments of (mainly) American weapons were shipped to Israel via Schiphol for many years. With the transfer of El Al's freight operations from Schiphol to Liège in October 2008 this has probably almost come to an end.<sup>47</sup> In the preceding period, some 19 shipments were still sent from the US to Israel via Schiphol. These shipments included 22 million (!) percussion caps for ammunition cartridges, nearly 11 thousand smoke and tear gas grenades and 24 'rocket engines (UN 0186) and F-16 accessories'.

## **Kuwait**

Three shipments with components for armoured vehicles travelled to Kuwait from the US via Schiphol. In addition, a large quantity of Belgian munitions: 1.7 million cartridges for various types of firearms also travelled by sea from Rotterdam.

## **Malaysia**

Among the eleven arms shipments to Malaysia, three shipments alone contained a total of over 6 million cartridges for various types of firearms, from Spain, Germany and Czech Republic.

## **Nigeria**

Three relatively small shipments from were sent to Nigeria, a country plagued by domestic violence, from China (helmets), India (bullet-proof vests) and the US (field communications

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<sup>46</sup> See: Negotiating Disarmament - Guns and Violence in the El Salvador Peace Negotiations, by Cate Buchanan & Joaquín Chávez, Centre for Humanitarian Dialogue, March 2008

<sup>47</sup> "El Al bevestigd komst naar Luik", ("El Al confirms move to Liege"), 11 August 2008 on <http://www.express.be/sectors/nl/logistics/el-al-bevestigd-komst-naar-luik/96206.htm>

equipment).

### **Paraguay**

Spain sold Paraguay 225,000 .32/.36 calibre cartridges, which were shipped via Rotterdam.

### **Peru**

Peru bought 1.4 million small calibre cartridges from Czech Republic; and components for Antonov cargo planes and military Mi-8 en Mi-17 helicopters from Russia.

### **Rwanda**

Israel sold Rwanda lithium batteries with a military classification, worth 130,000 euros. It is unclear what these will be used for.

### **Sri Lanka**

Among the most shocking arms consignments to pass through the Netherlands' borders without any interference, were two items destined for Sri Lanka, a country that has been torn apart by civil war for decades. A few months before the start of the Army's final offensive against the Tamils, there was a Czech shipment containing a Mi-24 military helicopter (reported on 11 March) and 20,000 7.62 mm rifles (reported on 4 November). According to the UN, the death toll from the spring 2009 attacks counted at least seven thousand.<sup>48</sup> A quarter of a million Tamils have since been stuck in camps. The government in Colombo has been accused of committing war crimes against unarmed civilians.

### **Suriname**

Belgium sold Suriname 200 FN Herstal 5,7 mm guns and 75,000 cartridges.

### **Thailand**

Thailand received over one million cartridges of various calibres, from Romania and the Czech Republic by ship from Rotterdam.

### **Turkey**

The US sold Turkey no fewer than 40 million (!) percussion caps for ammunition cartridges.

### **United States of America**

Year after year, large quantities of arms and ammunition are shipped to the US<sup>49</sup>. The exact destination is unclear, and the massive scale alarming. A small selection from dozens such items:

- From Bulgaria: 5 million 7.62 mm cartridges and 38,500 (machine) guns, pistols and cartridges and bayonets;
- From Montenegro: 5.6 million 7.62 x39 calibre cartridges;
- From Norway: a shipment including 1.1 million .50 calibre cartridges;
- From Poland: 7,200 machine guns and pistols plus 1.9 million cartridges;
- From Portugal: some 10,000 rifles;
- In Romania: 7.7 million cartridges and 22,000 sub-machine guns and rifles;
- From Serbia: 9.5 million cartridges for firearms

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<sup>48</sup> "Sri Lanka general avoids US questioning: ministry", AFP, 4 November 2009; "Regering Sri Lanka laat duizenden Tamils vrij" ("Sri Lankan government frees thousands of Tamils"), ANP, 22 October 2009

<sup>49</sup> See our analyses of 2007 and 2006.

## 4. International projects

An important part of Dutch arms export consists of components that are supplied to international arms projects. The assembly of these projects usually takes place in the US and Germany. For years, Dutch firms have acted as subcontractors for Lockheed Martin's F-16 fighter aircraft and Boeing's Apache attack helicopter, both of which are built in the US. Dutch firms have also been involved in the production of Patriot missiles, C-17 transport aircraft and the Joint Strike Fighter. The Netherlands' cooperation with Germany has mainly focused on the production of army equipment, such as Boxer and Fennek armoured vehicles.

**Table 4.1: Major licences for international projects**

(from 1 million euros)

Date issued	Description of goods	Destination	Final destination	Country of origin	Value (€)
03-12-2008	Software, technology for armoured vehicles	Germany		The Netherlands	100,000,000
09-09-2008	Components for armoured vehicles	Denmark & Sweden		Unknown	26,400,000
01-10-2008	Components for anti-aircraft missiles	Germany	NATO	Unknown	21,028,233
07-05-2008	Engine components for military aircraft, helicopters	US		The Netherlands	20,000,000
23-05-2008	Patriot Transmitters	Germany		The Netherlands	17,872,237
16-09-2008	Components for NH-90 helicopters	EU countries		The Netherlands	15,000,000
25-02-2008	Components for F-16 fighter planes	US		The Netherlands	10,628,437
16-09-2008	Components for F-16s and AH-64 Apaches	NATO+		The Netherlands	10,065,150
24-11-2008	Components for C-17 aircraft	US		The Netherlands	7,911,349
01-10-2008	Armoured vehicles	Germany		The Netherlands	5,797,742
02-04-2008	Components for armoured vehicles (Fennek)	Germany		The Netherlands	5,000,000
07-05-2008	Components for military aircraft and helicopters	Various countries		The Netherlands	5,000,000
31-01-2008	Components for anti-tank missiles	Israel	EU countries	The Netherlands	4,932,890
08-09-2008	Components for AH-64 Apache landing gear	NATO+		The Netherlands	4,361,565
01-10-2008	Components for anti-aircraft missiles	US	NATO	Unknown	4,062,466
21-07-2008	Components for military tanks	Germany		The Netherlands	3,800,000
01-08-2008	Components for NH-90 helicopters	Oman		The Netherlands	3,468,000
05-12-2008	Components for armoured vehicles	Germany		Various countries	3,366,000
16-12-2008	Components for infantry vehicles	Sweden	The Netherlands	The Netherlands	2,780,928
23-05-2008	Components for helicopters	Various countries		The Netherlands	2,700,000
21-11-2008	Components for JSF fighter planes	US		The Netherlands	2,109,120
31-01-2008	Components for anti-tank missiles	Israel	EU countries	The Netherlands	2,104,675
15-01-2008	Components for JSF fighter planes	US		The Netherlands	2,025,120
15-01-2008	Components for JSF fighter planes	US		The Netherlands	2,025,120
19-11-2008	Components for JSF fighter planes	US		The Netherlands	2,021,792
16-09-2008	Components for F-16s en AH-64 Apaches	EU countries		The Netherlands	2,013,030
24-11-2008	Components for C-17 airplanes	US		The Netherlands	1,041,888

In addition, the Dutch business community plays an important role in the production of the European NH-90 helicopter, the Israeli-built Gill anti-tank missile and the CV-90 tracked armoured combat vehicle, made by Hägglunds, a Swedish company. As the table shows, Dutch participation in such international programmes accounts for orders worth many hundreds of millions of euros.

### **American cooperation has invisible final destination**

While the relationship between supplier and recipient is usually clear where it comes to deliveries of complete weapons systems, this does not apply to the export of weapons components. With shipments to the US, in particular, it is the exception rather than the rule that the final destination is reported in the export licence. This creates a serious distortion of Dutch arms export figures. The US seems to be one of the biggest destinations, while in reality a significant, but unknown, proportion of the Dutch military equipment output is intended for non-US orders. While exporters are obliged to list the final destination in their licence applications, the Dutch government makes little or no work of achieving compliance. If an exporter reports that the final destination is unknown, it is usually not a problem. That the omission of the final destination is tacitly accepted has much to do with the fact that the Netherlands would then also have to assess licences according to such final destinations, in which case it would be likely that part of these export licences would be denied based on the export criteria. And that would obviously cause too many hassles with the US government and manufacturers. Because ultimately, of course, it is easy to determine where Dutch manufactured airplane bodies, landing gear, etc. end up. Discovering the final destinations of parts for F-16s, Apaches or other weapons would not be that hard, due to the fact that only a few dozen such large weapons are produced every year, at the most.

From the above table, it must be concluded that the larger licences for components for **F-16** fighter planes and **Apache** attack helicopters represent a combined export value of at least 27 million euros. This amount could potentially be much higher, but a large number of licences do not specify the type of aircraft covered. There were also smaller licences for fuel gauges for the F-16 and CCD cameras for Apache helicopters.

While all the permits list the US, NATO+ and EU countries as their destination, various 2008 orders for Apaches and F-16s came from non-NATO/EU-countries. **Israel, Morocco and Pakistan** had F-16 orders.<sup>50</sup> Apaches were built in 2008 for **Israel, Saudi Arabia and Taiwan**.<sup>51</sup> These new equipment orders are nowhere to be found in the Dutch export data, while it is known that Dutch companies were involved in the manufacture of such orders. So, for instance, Stork made all the landing gear for the newly manufactured Apaches.<sup>52</sup> And, where it comes to F-16 licences, these were all for third countries, since neither the US nor the Netherlands had them on order.

### **European collaboration**

While many such consignments within Europe do register a destination, in contrast to component exports to the US, there are fears that this will soon change, now that the European Parliament has given the green light to simplified arms export rules within the EU.<sup>53</sup> The new system is designed

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<sup>50</sup> See: <http://www.lockheedmartin.com/products/fl6/news.html> en [http://en.wikipedia.org/wiki/F-16\\_Fighting\\_Falcon\\_operators](http://en.wikipedia.org/wiki/F-16_Fighting_Falcon_operators)

<sup>51</sup> <http://www.army-technology.com/projects/apache/>

<sup>52</sup> “We danken onze wereldwijde positie aan defensieopdrachten” (We can thank our international position to defence contracts”) by Martin Bobeldijk, NIDV magazine nr. 4, December 2008

<sup>53</sup> See “European Parliament legislative resolution of 16 December 2008 on the proposal for a directive of the European Parliament and of the Council on simplifying terms and conditions of transfers of defence-related products

to make it easier for manufacturers to export to their European manufacturing partners, using so-called global licences, instead of individual licences - with a known destination - for individual transactions. The danger is that it will probably become much harder to identify final destinations.<sup>54</sup>

Cooperation with German companies for the production of armoured vehicles is still only for the benefit of the Dutch and German armed forces; there is little ambiguity about the final destination in that regard. There are orders for the NH-90 fighter helicopter from countries outside the German-French-Italian-Portuguese-Dutch consortium, but so far licences, such as those for the order from Oman, appear to be reported to the Dutch government as such - as it should be. Stork, a Dutch company, is a partner in the NH-90 project.

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within the Community” (<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2008-0603+0+DOC+XML+V0//EN&language=EN>)

<sup>54</sup> Also see: Frank Slijper’s policy briefing with reference to the “Proposal for a Directive of the European Parliament and of the Council on Simplifying Terms and Conditions of Transfers of Defence-related Products within the Community”, Campagne tegen Wapenhandel, 10 February 2008

## 5. Dual-use

In addition to the export of military goods, the export of so-called dual-use goods – with both civilian and military applications - is controlled.<sup>55</sup> In 2008, 534 (2007: 408) such licences were issued, of which 75 (2007: 67) were ‘temporary’ (e.g. for repair or demonstration purposes). The export of night vision equipment is especially relevant to the Dutch export of dual-use goods. Although increasingly available on the civilian market, military use has also increased. In addition, strict controls on exports of nuclear and chemical substances (used for the production of weapons of mass destruction) are of great importance, because of the proliferation risk.

Export licences for optical devices and chemical dual-use goods are particularly important here. However, the role of the Netherlands as a major exporter of all kinds of **uranium enrichment**-related materials has to be mentioned. Eight of the twenty largest dual-use licences for uranium hexafluoride (339 million euros for South Korea, 92 million for Brazil) and ultracentrifugation components (US 122 + 11 million, Germany 88 million, UK 85 million, France 31 + 14 million). They represent a combined value of at least 700 million euros.

Perhaps most striking is the first military order from **Libya** in decades: a portable search radar worth over one million euros. What’s exceptional is that the radar was classified as dual-use – to our knowledge, licences like this haven’t been granted for the past twenty years. The order seems to be a first step towards more military trade. After the lift of the EU arms embargo a few years ago, the arms industry has been jostling to help the Libyans play catch up. The country is also closely involved in EU programmes to reduce migration flows and in that context the necessary arms deals are concluded.<sup>56</sup> The human rights situation in Libya, including those of migrants, meanwhile, remains distressing – no form of political opposition is possible.

Table 5.1: **Export licences for optical equipment and radar**  
(licences from 1 million euros)

Date	Description of goods, including reported use	Final destination	Value (€)
25-04-2008	Image intensifier tubes for night vision systems for the Coast Guard	South Korea	11,927,500
30-06-2008	Image intensifier tubes for military use	India via France	3,727,200
18-11-2008	Cameras for surveillance and security purposes (border patrol)	Morocco	3,100,020
30-09-2008	Image intensifier tubes for military use	Thailand	1,907,600
15-12-2008	Cameras for surveillance and security purposes (border patrol)	China	1,374,282
15-04-2008	Portable search radar for surveillance and security purposes (military)	Libya via Germany	1,073,675

The largest single licence for dual-use material with a clear military purpose is one worth 12 million euros for night vision equipment components (so-called image intensifier tubes) for **South Korea’s** Coast Guard.

The **Indian** army received a similar consignment with a value of 3.7 million euros, while **Thailand** ordered almost 2 million euros worth of such equipment.

<sup>55</sup> Interestingly, they fall outside the regulations governing transit.

<sup>56</sup> See, for example: “Gaddafi visit to Italy amid protest against countries' 'illegal migration' agreement”, press release by Amnesty International, 12 June 2009; and “Amnesty International report 2009 – the state of the world’s human rights”

Also noteworthy, are orders from **China** (1.4 million euros, despite a EU arms embargo) and **Morocco** (3.1 million), for special border surveillance cameras. Licences for these five countries could be called controversial, given the domestic or border conflicts that they all face. Despite their relatively high licence values, these sales figures are not included in Dutch arms export figures because of their dual-use label.

A series of Russian orders also stand out. Combined, they add up to around 4 million euros, and are reportedly destined largely for hunting purposes. There must be a gigantic group of professional hunters active in **Russia**, given the constant flow of orders for night vision equipment for that audience. The Dutch government admits to being aware of the risk of (para)military use, but sees no indication for this yet. A new trend is that Russia's crime fighters are using Dutch night vision technology – to the tune of 900,000 euros worth of export licences. The sales may be a result of Photonis' (a Dutch company) annual presence at Interpolitex, a counter-terrorism fair in Moscow.<sup>57</sup>

Finally, the Netherlands sold a shipment of image intensifier tubes and cameras valued at over 1.5 million euros to **China** (to secure shipyards, airports and the Three Gorges Dam, and for forestry purposes), and special security cameras for the surveillance of the royal palace in **Kuwait** (639,000 euros).

## Chemicals

Table 5.2: Export licences for chemical dual-use materials for non-CWC members

Date	Description of goods	Reported use	Final destination	Value (€)
30-06-2008	Phosphorus trichloride	Manufacture of flame retardants	Taiwan	3,973,940
01-02-2008	Phosphorus trichloride	Manufacture of antioxidants and thermal stabilisers	Taiwan	1,458,086
27-11-2008	Phosphorus trichloride	For the plastics industry	Taiwan	1,251,983
14-05-2008	Phosphorus trichloride	Manufacture of phosphite antioxidants	Taiwan	836,570
29-08-2008	Phosphorus oxychloride	Manufacture of flame retardants	Taiwan	686,320
14-05-2008	Phosphorus trichloride	Manufacture of phosphite antioxidants	Taiwan	674,005
28-07-2008	Phosphorus pentachloride	Manufacture of medicine	Egypt	509,250
28-08-2008	Phosphorus pentachloride	Manufacture of lithium hexafluorophosphate	Taiwan	401,067
09-01-2008	Phosphorus trichloride	Manufacture of antioxidants and thermal stabilisers	Taiwan	338,857
15-01-2008	Triethanolamine	For veterinary use	Syria	12,769
15-09-2008	Ammonium bifluoride	Etching and activating metal	Israel	3,140
10-09-2008	Phosphorus oxychloride	Research	Israel	2,200

<sup>57</sup> [http://www.photonis.com/nightvision/past\\_events/interpolitex](http://www.photonis.com/nightvision/past_events/interpolitex)

The Netherlands is a major exporter of chemicals. Licensing is required for some of these chemicals, due to their possible use in the production of chemical warfare agents. Although there are also totally legitimate civilian uses of these substances, the Campagne tegen Wapenhandel feels that the Netherlands, as host country of OPCW, should refuse the export of such substances to states that have not ratified the OPCW treaty.<sup>58</sup> In 2008, the Netherlands granted such licences to Egypt, Israel, Syria and Taiwan, none of which have ratified the treaty (only limited quantities were sold to Israel and Syria this year, mind you). Especially triethanolamine, phosphorus pentachloride, phosphorus oxychloride and phosphorus trichloride are seen as proliferation sensitive materials. Given that there are suspicions of chemical weapons programmes in these countries, and that it is difficult to adequately inspect and control such programmes on site, we continue to find it incomprehensible that the Netherlands continues to grant licences to these countries.

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<sup>58</sup> <http://www.opcw.org/about-opcw/non-member-states/>

## 6. Miscellaneous

### Denied export licences

Only eleven licence applications were denied in 2008 (20 times each in 2006 and 2007).<sup>59</sup> The rejected destinations included more or less ‘usual suspects’ like Iran and Zimbabwe (the arms embargo stopped the export of firearms for private use in both cases), and other countries that appear on the denial notifications list each year: India, Israel and Pakistan. In Israel’s case, it was primarily the direct export of army and air force goods that was rejected. The four denials concerned camouflage paint, night vision equipment and components for tanks and armoured vehicles. Nevertheless, it is quite unclear why the export of night vision equipment to India and Pakistan is allowed sometimes and rejected at other times. As we saw in the dual-use chapter, a large licence for night vision equipment was granted to India in 2008, while a single pair of night vision glasses for the Indian army was refused under the auspices of the human rights situation and the domestic situation in India. In 2007, a shipment of night vision equipment valued at over 20 million euros was sent to Pakistan, but this year the Pakistan Rangers were denied a shipment of image intensifier tubes. Similarly, it is difficult to understand why night vision glasses could be sold to Saudi Arabia in 2008 and not to Algeria – the reason could not have had anything to do with the quality of the human rights situation. Finally, it is not entirely clear why authorisation was denied for a pair of night vision glasses for the Serbian army.

### Licence-exempt export to military destinations

Exports of goods that are not listed on the List of Strategic Goods (a list that determines which goods require licensing)<sup>60</sup>, but with a military destination fall entirely outside the scope of licensing requirements. One such category is that of many army vehicles. Vehicles with military characteristics (e.g. weapons, armour) require authorisation, such as 2008 deliveries to Yemen, Lebanon, Rwanda and Uruguay, partially listed in Chapter 2. For vehicles that have been stripped of military assets, the trade is more or less free. To accelerate the sale of 2,500 surplus trucks and other vehicles, the Dutch government eased its control requirements in 2008. The permission of the State is required only when more than twenty vehicles are sold at a time.<sup>61</sup> In 1998, such sales were curtailed because of (amongst others) a case where a Dutch trader wanted to sell army trucks to dictator Mobutu of former Zaire. With the new resale clause, Foreign Affairs hopes to have covered its risks sufficiently.

That undesirable sales nevertheless take place is shown by the case of Jackson & Co., a British firm that purchased a number of vehicles from Defence in the past.<sup>62</sup> Mr. Jackson, the owner, was sentenced to a prison term of two and a half years in early November 2009 for his attempt to sell army vehicles indirectly to Sudan.<sup>63</sup> The company was sued because the British government also

<sup>59</sup> Zie Bijlage 4 in “Het Nederlandse wapenexportbeleid in 2008”, Ministeries van Economische Zaken en Buitenlandse Zaken, (See Addendum 4 in ‘The Dutch Arms Export Policy in 2008’, by the Dutch Ministries of Economic Affairs and Foreign Affairs, September 2008)

<sup>60</sup> See:

[http://www.ez.nl/Onderwerpen/Internationaal\\_Ondernemen/Exportcontrole\\_strategische\\_goederen/Handboek\\_strategische\\_goederen](http://www.ez.nl/Onderwerpen/Internationaal_Ondernemen/Exportcontrole_strategische_goederen/Handboek_strategische_goederen)

<sup>61</sup> “Kamerbrief inzake verruiming verkoop van overtollige Defensievoertuigen”, Ministerie van Buitenlandse Zaken, (Chamber Letter on extending sales of surplus Defence Vehicles, Ministry of Foreign Affairs, 29 September 2008) ([http://www.minbuza.nl/nl/Actueel/Kamerstukken/2008/09/Kamerbrief\\_inzake\\_verruiming\\_verkoop\\_van\\_overtollige\\_Defensievoertuigen](http://www.minbuza.nl/nl/Actueel/Kamerstukken/2008/09/Kamerbrief_inzake_verruiming_verkoop_van_overtollige_Defensievoertuigen))

<sup>62</sup> Zie beantwoording Kamervragen Van Velzen (SP), Ministerie van Defensie, (See the answers to Van Velzen’s Chamber questions (SP), Ministry of Defence, 5 November 2009)

<sup>63</sup> “British Arms Trader Jailed For Breaching Sudan Embargo”, RTT News, 5 November 2009

has a ban on the trade in non-strategic goods to Sudan.<sup>64</sup> An EU arms embargo is in force against Sudan. The Dutch government has promised that the outcome of the lawsuit will determine whether it will have further contact with the company.

The Dutch government also considers export licences unnecessary for many semi-military ships, as long as there are no clear military attributes. So, for instance, Damen Shipyards was allowed to sell patrol and cargo ships to the military and police in Jamaica, Sudan, Thailand and South Africa in recent years, without requiring a licence.

But sometimes a licence is deemed necessary for seemingly similar ships. It was recently reported in the press that twenty catamarans for troop transport would be delivered to Nigeria by TP Marine (a Dutch shipyard) in IJmuiden. The article linked the vessels to an imminent confrontation between the Nigerian military and MEND rebels in the oil-rich Niger Delta.<sup>65</sup> Although no further details are known, TP Marine's site shows a catamaran with armaments - the site generally leaves little to the (military) imagination.

And it looks like a licence was indeed issued for this order. In early November 2009, it was reported on the Ministry of Economic Affairs' website that a licence worth 4.8 million euros for 'patrol ships with armour' had been granted. The big question is how the government weighed the expected deployment of these vessels against rebels in its decision to issue a licence. Instead of merely looking at military characteristics, the government should also consider the buyer of the goods, and determine on that basis whether the application for an export license is desirable.

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<sup>64</sup> "Businessman pleads guilty to sale of ex-military vehicles to Sudan", Revenue and Customs Prosecutions Office, 21 August 2009

<sup>65</sup> Adeola Yusuf and Harris-Okon Emmanuel, "Mend - FG Deploys Israeli War Planes, Ships", Daily Independent (Lagos), 15 September 2009 (included on AllAfrica.com - <http://allafrica.com/stories/200909150580.html>); "Nigeria: Gov't readies major offensive against Niger rebels", by Daniel Volman, Globalinfo.org, 13 September 2009

## 7. In conclusion

On paper the Dutch arms export policy seems well founded from an ethical point of view: it takes regional and domestic conflicts, human rights violations and the capacity of the host country into account. However, in practice the interpretation of its export criteria is as flexible as elastic. How else can one explain that equipment for spy- and fighter planes were allowed to be sent to Pakistan, despite a civil war? How could special cameras be sold to the Chinese armed forces, despite their suppression of Uighurs and Tibetans? Why should Saudi Arabia, a repressive state, be allowed to buy all sorts of military equipment here? And, how can it be that Indonesia is allowed to buy expensive warships for hundreds of millions of euros despite massive poverty problems?

The answer to these questions can be summarised in a few key words: money, employment and preservation of the Dutch arms industry, but equally often: political support for pro-Western government and docility on Washington's foreign policy and arms export policy. This pragmatic, but rather unethical policy, has helped the Netherlands to remain at the top of the international arms trade for years. While it remains at a significant distance from major powers like the US and Russia, it tops the second tier. That is certainly not something to be proud of, especially for a country that likes to pride itself as a champion of peace and security.

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