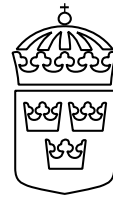


# Government Communication

## 2021/22:114



### Strategic Export Controls in 2021 – Military Equipment and Dual-Use Items

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2021/22:114

The Government submits this Communication to the Riksdag.

Stockholm, 7 April 2022.

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## Main content of the Communication

In this Communication, the Swedish Government provides an account of Sweden's export control policy with respect to military equipment and dual-use items in 2021. The Communication also contains a report detailing exports of military equipment during the year. In addition, it describes the cooperation in the European Union (EU) and other international forums on matters relating to strategic export controls of both military equipment and dual-use items.

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# 1 Government Communication on Strategic Export Controls

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In this Communication the Government provides an account of its policy regarding strategic export controls in 2021, i.e. the export controls of military equipment and dual-use items. The term dual-use items is used in reference to items produced for civil use that may also be used in the production of weapons of mass destruction or military equipment.

Control of exports of military equipment is necessary in order to meet Sweden's national objectives and international obligations, and to ensure that the exporting of items from Sweden is done in accordance with established export control rules. Under Section 1, second paragraph of the Military Equipment Act (1992:1300), military equipment may only be exported if there are security or defence policy reasons for doing so, and provided there is no conflict with Sweden's international obligations or Swedish foreign policy. Applications for licences are considered in accordance with the Swedish guidelines on exports of military equipment, the criteria in the EU's Common Position defining common rules governing control of exports of military technology and equipment, and the Arms Trade Treaty (ATT). The Inspectorate of Strategic Products (ISP) is the competent licensing authority.

The multilateral agreements and instruments relating to disarmament and non-proliferation of weapons of mass destruction are important manifestations of the international community's efforts to prevent the proliferation of such weapons. Proliferation can be counteracted by controlling the trade in dual-use items. This is work with objectives that are fully shared by Sweden. Strict and effective national export controls are required for this reason. Export controls are a key instrument for individual governments when it comes to meeting their international obligations with respect to non-proliferation.

This is the thirty-eighth time that the Government has reported on Sweden's policy on strategic export controls in a Communication to the Riksdag. The first Communication on strategic export controls was presented in 1985. Sweden was among the first countries in Europe to report on activities in the area in the preceding year.

Since that time, the Communication has been developed from a brief compilation of Swedish exports of military equipment to a comprehensive account of Sweden's export control policy in its entirety. More statistics are available today thanks to an increasingly transparent policy and more effective information processing systems. In parallel with Sweden's policy of disclosure, EU Member States have gradually developed, since 2000, a shared policy of detailed disclosure. The Government continuously strives to increase transparency in the area of export controls.

As part of the effort to improve openness and transparency, detailed information is presented in this year's communication on issues such as denial decisions, historic developments of exports of military equipment and agreements on cooperation and licence production – see for example *Annex 1* and *Annex 2*.

The ISP and the Swedish Radiation Safety Authority (SSM) contribute statistical data for the Communication at the request of the Government. The statistics in this Communication supplement the information available in these authorities' own publications. In *Annex 3* the ISP presents its own view on significant trends in Swedish and international export control.

## Significant events during the year

Despite the fact that the Covid-19 pandemic has continued to affect the conditions for holding certain meetings and visits, export control activities were still able to progress well during 2021 in all essential respects. The ISP has continued to follow up and implement the stricter Swedish regulatory framework for exports of military equipment which came into effect in April 2018.

Swedish export control rules are updated regularly. The opportunities for successfully addressing the challenges that are a feature of non-proliferation efforts are improved in that way. For example, the Government decided to introduce systematic post-shipment controls (verification visits) abroad for exports of light weapons from Sweden. Such controls can be a valuable complement to strict licence assessment in counteracting diversion of military equipment to a non-intended recipient. The system was introduced on 1 March 2022.

Post-shipment controls involve visits from personnel from exporting countries in a country to which certain military equipment has been exported, in order to confirm that the equipment has not been diverted. The aim is thereby also to reinforce mutual trust. Post-shipment controls have previously mainly been carried out by the United States, but have also been introduced in recent years by other countries, including Switzerland, Spain and Germany.

The rules for export control of dual-use items are common to all EU Member States. During the year, a new version of the Dual-Use Regulation – Regulation (EU) 2021/821 on setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items – was adopted and entered into force on 9 September 2021. This marked the conclusion of several years of negotiations within the EU Council Working Party on Dual-Use Goods (WPDU), the European Parliament and the so-called trilogue process. The Commission's initial proposal was presented to Member States and the European Parliament in autumn 2016.

This is a comprehensive revision of the current Dual-Use Regulation. The aim, according to the Commission, is to modernise the legal framework and make control work more efficient both for export control authorities and for industry. The revised Regulation thus contains several changes compared to the previous version (Council Regulation (EC) No 428/2009), some of which are briefly described in *Annex 4*. The Inquiry on Swedish statutory amendments in connection with the new Dual-Use Regulation was completed in the autumn via the memorandum Strengthened control of dual-use items (Ds 2021:32). The memorandum,

which was circulated for comment at the end of the year, proposes a number of statutory amendments. Comm. 2021/22:114

The international export control regimes (see section 3.2 for a review of the regimes) have worked for many years on early identification of new non-controlled items and technologies that can be used for military purposes. Ever-faster development in emerging technologies, for example artificial intelligence (AI), quantum computers and biotechnology, makes this work increasingly important. Sweden is affected by this development, as it has export-oriented and advanced industry with leading-edge technology. Ever-greater attention needs to be paid to emerging sensitive technologies, both at national level, for example through strengthened collaboration between government agencies, and at international level through cooperation with other countries in the various export control regimes.

Activities within the framework of the Arms Trade Treaty continued during 2021, albeit with adapted working methods as a consequence of Covid-19. Sweden has continued to work for further accession to and strengthened implementation of the Treaty, including through voluntary contributions to relevant actors within civil society. The Treaty had 110 States Parties at the end of 2021.

## Summary of the statistical data

Comprehensive statistics on licence approval and on Swedish exports of military equipment and dual-use items are presented in two annexes to this communication. The statistics cover data from 1 January to 31 December 2021.

Exports and other activities related to military equipment in 2021 are presented in *Annex 1*. Exports are also shown over the course of time, as individual licences and deliveries of major systems may cause wide fluctuations in the annual statistics.

In 2021, 331 companies, government authorities and private individuals held licences for manufacturing or supplying military equipment. Since 2018, the number of licence holders has increased by almost 80 per cent. The main reason for this increase is that amendments to the Military Equipment Act mean that some further activities require supplier licences. The increase relates principally to subcontractors of system manufacturers of military equipment.

Fifty-nine countries received deliveries of military equipment from Sweden in 2021.

The value of military equipment exports in 2021 was just under SEK 20.1 billion. The value of exports thus increased by around 23 per cent compared to the previous year.

When it comes to individual recipient countries, the previously reported export of the GlobalEye airborne radar system to the United Arab Emirates had a major impact on the statistics. The export value of this individual deal – just under SEK 7.5 billion – accounted for more than a third of the total export value from Sweden in 2021. The export licence for the deal was originally granted in 2016, and the deliveries that took place in 2021

were follow-on deliveries for previously delivered equipment. During 2021, no licences for new exports within the framework of new deals were granted to the United Arab Emirates or any other country in the Middle East. Alongside subsequent deliveries to the United Arab Emirates, exports followed the pattern from previous years and the majority of the export value related to EU countries and other partner countries.

Next to the United Arab Emirates, the United States (approximately SEK 2.94 billion) and Brazil (approximately SEK 2.2 billion) were the most significant recipient countries. Exports to the United States included ground combat systems and naval artillery systems, while exports to Brazil mainly consisted of continued deliveries relating to JAS Gripen 39 E.

The number of licences for new deals with countries outside the circle of established partner countries has been very low. There were only deliveries within the category of other military equipment to countries in the Middle East. These exports related to follow-on deliveries and deliveries within the context of international military equipment cooperation. There were no exports to Turkey in 2021.

The value of the export licences granted in 2021 amounted to just under SEK 14.7 billion, which is a decrease of just under two per cent compared to 2020.

In terms of the value of granted export licences, additional sales of GlobalEye to the United Arab Emirates also dominated. Licences related to this delivery accounted for more than half of the total value of licences in 2021. The pattern in terms of the number of licences follows the actual exports. Only 15 of 675 export licences for sales related to new deals with countries outside the established circle of cooperation.

The licensing of dual-use items is presented in *Annex 2*. In contrast to the situation with exports of military equipment, the companies involved do not submit any delivery declarations. There is consequently a lack of data on actual exports. As a rule, transfer of dual-use items within the EU does not require a licence. In addition, extensive general licences make it possible for exports to certain partner countries outside the EU to not require a licence in individual cases. This means that recipient countries that are the object of most dual-use item exports are not included in the statistics.

## 2 Military equipment

### 2.1 Background and regulations

A licence requirement for exports of military equipment is necessary to ensure that exporting of items from Sweden and provision of technical assistance is done in accordance with established export control rules. Under military equipment legislation, export controls cover the manufacture, supply and export of military equipment, as well as agreements on cooperation or manufacturing rights, etc., regarding such equipment.

The regulatory framework for Swedish export controls consists of the Military Equipment Act (1992:1300) and the Military Equipment Ordinance (1992:1303), as well as the principles and guidelines on exports of military equipment decided upon by the Government and approved by the Riksdag. Under Section 1, second paragraph of the Military Equipment Act (1992:1300), military equipment may only be exported if there are security or defence policy reasons for doing so, and provided there is no conflict with Sweden's international obligations or Swedish foreign policy. Sweden's international obligations also must be taken into account in the examination of applications for licences. This includes the EU Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, as well as the criteria set forth in the Arms Trade Treaty (ATT).

Swedish examination of licence applications is based on an overall assessment in accordance with government guidelines and established practice. The international rules are more in the nature of individual criteria to be observed, assessed or complied with. As an independent authority, the ISP is tasked with assessing licence applications independently in accordance with the whole regulatory framework.

Under the Military Equipment Act, export controls thus cover the manufacture, supply and export of military equipment, as well as certain agreements on cooperation and rights to manufacture such equipment. The Act applies both to equipment that is designed for military use and that constitutes military equipment under government regulations and to such technical support for military equipment that, according to the government regulations, constitutes technical assistance. The list of what constitutes military equipment and technical assistance is contained in the annex to the Military Equipment Ordinance. The Swedish list of military equipment is in line with the EU's Common Military List, aside from three national supplements: nuclear explosive devices and special parts for such devices, fortification facilities etc. and certain chemical agents.

In 2018, a stricter Swedish regulatory framework for exports of military equipment was introduced with the broad support of the Riksdag (Govt Bill 2017/18:23). The stricter regulatory framework largely reflected the proposals submitted by the parliamentary Committee for Military Equipment Exports in its final report, Stricter export control of military equipment (SOU 2015:72). A unique aspect of the Swedish guidelines is that the democratic status of the recipient country should be a central condition in the assessment of licence applications. The lower the democratic status, the less scope there is for licences to be granted. If serious and extensive violations of human rights or grave deficiencies in the recipient's democratic status occur, this poses an obstacle to granting licences. Assessment of applications for licences must also take account of whether the export impedes sustainable development in the recipient country. The guidelines also clarified the principles for follow-on deliveries and international cooperation. Another change was that the obligation to obtain a licence was expanded to include government agencies and certain subcontractors who provide military equipment. An option was also introduced for the ISP to apply sanction charges for certain contraventions of the rules. As a result of the expanded requirement to obtain a licence, the number of companies, authorities and private

individuals who are entitled to manufacture or supply military equipment has grown in four years from around 180 to more than 330.

The report by the Committee, which formed the basis for the 2018 update, also proposed that Sweden should introduce a system of post-shipment controls after having drawn up procedures for its organisation. The Government agreed with this assessment, and therefore commissioned the ISP with analysing the issue and submitting proposals for the design of a system for such controls. In autumn 2021, the Government decided to introduce a system of post-shipment controls. The system covers light weapons, as this is where the risk of diversion is considered the greatest, and will apply to new deals after 1 March 2022. Previously, post-shipment controls have mainly been carried out by the United States, but have also been introduced in recent years by other countries, including Switzerland, Spain and Germany.

The ISP will be responsible for carrying out inspections in the recipient countries. Established partner countries, for which there are no security or defence policy obstacles to foreign cooperation, are exempted from the requirement of post-shipment controls. There are currently 39 such countries. The system of post-shipment controls will be evaluated within three years after the first inspection has been carried out.

## **Export control and policy coherence for sustainable development**

One of the Government's stated aims has been to strengthen the policy coherence between different policy areas (see the Government Bill Shared responsibility: Sweden's Policy for Global Development [Govt Bill 2002/03:122] and Government Bill: Sweden's Implementation of Agenda 2030 [Govt Bill 2019/20:188]). Sweden shall implement the 2030 Agenda for economically, socially and environmentally sustainable development through harmonised policy, both nationally and internationally.

The 2030 Agenda for Sustainable Development was adopted at international level in 2015. It contains a declaration, 17 Sustainable Development Goals and 169 sub-goals. Implementing the 2030 Agenda requires strengthened policy coherence over a range of areas in order to achieve to fair and sustainable development. Synergies must be strengthened and trade-offs between different goals in the Agenda should be the subject of conscious and considered choices. Implementation should be characterised by the agenda's principle that no one should be left behind. This work builds on the Policy for Global Development which is based on a rights-based approach and the perspective of poor people on development.

The Government's assessment is that the work to implement the 2030 Agenda should be based on national conditions, and should be carried out through regular processes. The three dimensions of sustainable development – economic, social and environmental – have also become an ever-more important component of policy coherence for sustainable development through the adoption of Agenda 2030. These dimensions should be systematically integrated into ordinary processes with the aim



of ensuring that all policies support sustainable development – locally, regionally, nationally and internationally.

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During 2021, Sweden was part of the UN's Voluntary National Review of Progress towards the Sustainable Development Goals. On 15 July 2021, the Government presented a report that gives an overall picture of how Sweden's work to implement Agenda 2030 is progressing. The report includes a brief description of the work on controls of exports of military equipment.

The Government strives to avoid Swedish exports of military equipment that negatively affect progress toward equitable and sustainable global development. According to the Government Bill Stricter export control of military equipment (Govt Bill 2017/18:23 pp. 55–56), the effect of the export or foreign collaboration on fair and sustainable development in the recipient country should be taken into consideration when assessing licence applications. The effects on sustainable development are also being taken into consideration through the application of the EU Common Position on arms exports, the eighth criterion of which highlights the technical and economic capacity of recipient countries and the need to consider whether a potential export risks seriously hampering sustainable development.

## **Export controls and feminist foreign policy**

By pursuing a feminist foreign policy, the Government works to systematically achieve outcomes that strengthen the rights, representation and resources of women and girls. The Government attaches great importance to gender equality work in various areas, including promoting equal representation in international processes, for example in accordance with the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Preventing and responding to all forms of gender-based and sexual violence in conflicts and within societies in general is a high priority. An important part of this work is the strict control of exports of military equipment from Sweden.

There is often a correlation between the accumulation of small arms and light weapons and the occurrence of violence in a conflict or in a society. Illegal and irresponsible transfers of weapons and ammunition are a particular problem in this context, as is inadequate control of stockpiles of such equipment. During 2021, Sweden contributed to several funds and organisations that aim to reduce the proliferation of small arms and light weapons, and to ensure the effective implementation of the conventions and treaties in this area.

Sweden, together with other countries, successfully introduced the term gender-based violence (GBV) into the Arms Trade Treaty, which was the first time the term had been used in an international, legally binding instrument. Article 7.4 of the Treaty states that the States Parties must take into account the risk of exported equipment being used to commit or facilitate serious acts of gender-based violence or serious acts of violence against children. The Government is actively working to ensure that Article 7.4 is applied in practice by the States Parties to the Treaty, and for

these issues to continue to be highlighted and followed up within the scope of the Treaty.

It should be noted that consideration of Article 7.4 of the Treaty takes place in addition to the assessment made previously with respect to human rights under the Swedish guidelines, and according to Criterion Two of the EU Common Position (2008/944/CFSP) on exports of military equipment. The latter regulatory frameworks are therefore also significant in this context. These issues were among those considered in work on formulating the new regulatory framework for military equipment.

At national level, the ISP is responsible for ensuring that it has sufficient expertise to be able to include gender equality aspects and risks of gender-based and sexual violence in assessments with regard to human rights and international humanitarian law, and to implement Article 7.4 of the Arms Trade Treaty.

### **Export controls and sustainable business**

The Government has developed an ambitious sustainable business policy. In December 2015, a communication was presented to the Riksdag containing the Government's view on a number of issues related to sustainable business, for example human rights, working conditions and environmental concerns (Policy for Sustainable Enterprise, Government Comm. 2015/16:69). The Government also has a national action plan for this area, the Action plan for businesses and human rights. The Government launched a platform for international sustainable business in 2019. In this platform, the Government provides an overall description of current efforts and ambitions related to sustainable business. There is a clear expectation on behalf of the Government that Swedish companies will act sustainably and responsibly and base their work on the international guidelines for sustainable enterprise, both in Sweden and abroad. A number of measures have been taken to encourage and support companies in their sustainability work. For example, legislation on sustainability reporting for large companies, clearer criteria for sustainability in the Public Procurement Act (2016:1145) and stronger legal protection for whistle-blowers have been introduced.

Anti-corruption is a key issue in the Government's more ambitious policy for sustainable enterprise, and this remained the case in 2021. Both the giving and accepting of bribes have long been criminal offences under Swedish law. In addition, the reform of bribery legislation in 2012 introduced among other things a provision making the funding of bribery through negligence a criminal offence. The penal provisions can also be assumed to be significant for the international defence equipment market.

In addition to what is governed by Swedish legislation, the Government expects Swedish companies to apply a clear anti-corruption policy and contribute to greater transparency.

In various international fora, Sweden actively promotes the effective application of conventions prohibiting bribes in international business transactions. For example, this applies to the Organisation for Economic Co-operation and Development's (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions,

the UN Convention against Corruption and the Council of Europe's civil-law and criminal-law conventions in the area. The Government has previously welcomed the initiative for an international code of conduct with zero tolerance of corruption taken by European manufacturers of military equipment through the AeroSpace and Defence Industries Association of Europe, and its American counterpart.

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The largest Swedish trade association in the defence area, Defence Innovation Sweden (SOFF), which represents more than 95 per cent of defence companies in Sweden, requires prospective members to sign and comply with its Code of Conduct on Business Ethics in order to be allowed to be members. The Code of Conduct aims to ensure a high level of business ethics. Individuals who represent the companies also undergo special e-training on anti-corruption that has been developed jointly by SOFF and the Swedish Defence Materiel Administration. To date, more than 4 800 individuals have undergone this training. SOFF also arranges annual experience swapping sessions between senior managers on high business ethics standards. In 2021, these events were conducted digitally due to covid-19.

## 2.2 The role of defence exports from a security policy perspective

The foundations of today's Swedish defence industries were laid during the Cold War. The ambition at the time was that Sweden would be independent of foreign suppliers. The defence industry thus became an important part of Swedish security policy. Exports of military equipment, which during this time were limited, were an element in ensuring capacity to develop and produce equipment adapted to the needs of the Swedish armed forces.

After the end of the Cold War, this striving for independence in terms of access to military equipment for the Swedish armed forces has gradually been replaced by a growing need for equipment cooperation with like-minded states and neighbours. Technical and economic development has meant that both Sweden and its partner countries are mutually dependent on deliveries of components, sub-systems and finished systems manufactured in other countries. These deliveries in many cases are ensured through contractual obligations.

The Government Bill Total Defence 2021–2025 (Govt Bill 2020/21:30) emphasises that Sweden's security policy line remains unchanged. Sweden is not part of any military alliance. At the same time, Sweden builds security together with others. The Swedish unilateral declaration of solidarity is the foundation for Swedish defence and security policy. It is in Sweden's interests to defend and reinforce solidarity and integration within the EU, and to maintain a peaceful, stable and predictable surrounding region, rooted in European and Euroatlantic structures.

The transatlantic link is essential to Europe's security. Together with other states and organisations, Sweden makes an active contribution towards promoting security in the surrounding region. Both Sweden's involvement in international crisis management and its enhanced

cooperation in its vicinity emphasise the importance of a capacity for practical military collaboration (interoperability) with other countries and organisations.

Interoperability is dependent on Sweden's military equipment systems being able to function together with the equipment of partner countries, as well as being technically mature, reliable and available. It is therefore in Sweden's security policy interests to safeguard long-term and continuous cooperation on equipment issues with a number of traditional partner countries. This mutual cooperation is based, among other things, on both exports and imports of military equipment.

In previous Government bills, the Government has highlighted the military aircraft sector, the underwater sector and integrity-critical aspects of the command and control sector, such as sensors, electronic warfare and crypto, as key security interests for Sweden.

The opportunity to maintain national integrity and independence within areas of particular significance is important. In certain cases, significant security interests can be met with foreign equipment if requirements in terms of security of supply and transfers of technology and knowledge are met. Sweden's defence industry and exports of military equipment are an essential part of our non-participation in military alliances. There are therefore defence or security policy reasons for every export deal, ultimately linked to Swedish defence capability.

An internationally competitive level of technological development contributes to Sweden continuing to be an attractive country for international cooperation. This also implies greater opportunities for Sweden to influence international cooperation on export control as part of an international partnership. While this applies principally within the EU, it can also be applied in a broader international context.

The defence decision adopted by the Riksdag in December 2020 established that Sweden's security is developed in solidarity together with others, and that threats to peace and security are best averted together and in cooperation with other countries and organisations. It is also noted that Sweden's security and defence cooperation is developed together with Finland, the other Nordic countries and the Baltic states, as well as in the framework of the EU, the UN, the Organisation for Security and Co-operation in Europe (OSCE), the NATO partnerships and the transatlantic link. A new level of ambition for Common Foreign and Security Policy was adopted at the meeting of the European Council in December 2016. Since then, a number of new defence initiatives have been launched, such as the Permanent Structured Cooperation (PESCO), the Coordinated Annual Review on Defence (CARD) and the European Defence Fund (EDF). In addition, the EU has established a new structure for financing security instruments that are outside the EU's budget: the European Peace Facility (EPF). Sweden participates in various cooperation projects conducted by the European Defence Agency (EDA). The Government's fundamental position is that Sweden should participate in and influence the processes that are getting under way in European cooperation, which also relates to the work as part of the EDA. Cooperation as part of the EDA has led to better opportunities for the Swedish Armed Forces to function effectively and has also improved prospects for more effective research cooperation.

Sweden – together with the United Kingdom, Italy, Germany, France and Spain – is part of the Six Nation Initiative between the six major defence industry nations in Europe (Framework Agreement/Letter of Intent, FA/LoI). Sweden can thereby be involved in and influence the defence industry and export policy being developed in Europe. This has a major impact on the emerging security and defence policy in Europe, both directly and indirectly.

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Cooperation in multilateral frameworks pays dividends in terms of improved resource utilisation from a European perspective and increasingly harmonised and improved European and transatlantic cooperative capability. In this context, EU cooperation, including the EDA, and NATO's Partnership for Peace, together with the Six Nation Initiative and Nordic Defence Cooperation (NORDEFECO), are vital.

## **Areas of activity**

Currently, the most important military product areas for Swedish defence and security companies are:

- combat aircraft,
- surface vessels and submarines,
- combat vehicles and tracked vehicles,
- short and long-range weapons systems in the form of land and sea-based and airborne systems, including missiles,
- small and large-bore ammunition,
- smart artillery ammunition,
- land and sea-based and airborne radar and IR systems,
- electronic warfare systems that are passive and active,
- telecommunications systems, including electronic countermeasures,
- command and control systems for land, sea and air applications,
- systems for exercises and training,
- signature adaptation (for example camouflage systems and radar),
- systems for civil protection,
- encryption equipment,
- torpedoes,
- maintenance of aircraft engines,
- gunpowder and other pyrotechnic materials,
- services and consultancy,
- support systems for operation and maintenance.

## **2.3 Cooperation within the EU on export control of military equipment**

### **The EU Common Position on Arms Exports**

The EU Member States have national rules concerning the export of military equipment. However, the Member States have also chosen to coordinate their export control policies to some extent. The EU Code of

Conduct on Arms Exports, adopted in 1998, contained common criteria for exports of military equipment, applied in conjunction with national assessments of export applications. The Code of Conduct was made stricter in 2005, and was adopted as a Common Position in 2008 (2008/944/CFSP). It is applied by all the EU Member States and a number of countries that are not members of the EU (Albania, Bosnia and Herzegovina, Canada, Georgia, Iceland, Montenegro, North Macedonia and Norway).

The Common Position contains among other things eight criteria that are to be considered before taking a decision to approve exports of military equipment to a given country:

- *Criterion One* stipulates that the international obligations and commitments of Member States must be respected, in particular the sanctions adopted by the UN Security Council or the European Union.
- *Criterion Two* is concerned with respect for human rights in the country of final destination as well as respect by that country of international humanitarian law. Export licences are to be denied if there is a clear risk that the military technology or equipment to be exported might be used for internal repression.
- *Criterion Three* is concerned with the internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.
- *Criterion Four* is aimed at preservation of regional peace, security and stability. Export licences may not be issued if there is a clear risk that the intended recipient would use the military technology or equipment to be exported aggressively against another country or to assert by force a territorial claim.
- *Criterion Five* is concerned with the potential effect of the military technology or equipment to be exported on the country's defence and security interests as well as those of another Member State or those of friendly and allied countries.
- *Criterion Six* is concerned with the behaviour of the purchasing country with regard to the international community, as regards for example its attitude to terrorism and respect for international law.
- *Criterion Seven* is concerned with the existence of a risk that the military technology or equipment will be diverted within the purchasing country or re-exported under undesirable conditions.
- *Criterion Eight* stipulates that the Member States must take into account whether the proposed export would seriously hamper the sustainable development of the recipient country.

Individual Member States may operate more restrictive policies than are stipulated in the Common Position. The Common Position also includes a list of the products covered by the controls (the EU Common Military List). A user's guide has also been produced that provides more details about the implementation of the agreements in the Common Position on the exchange of information and consultations, and about how these criteria for export control are to be applied. The User's Guide is continually updated.

## Work as part of COARM

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The Working Party on Conventional Arms Exports (COARM) is a forum in which EU Member States regularly discuss the application of the Common Position on Arms Exports. Member States also exchange views on various export destinations. An account of this work, the agreements reached and statistics on the Member States' exports of military equipment is published in an annual EU report.

Since the criteria in the Common Position cover a number of different policy areas, the goal is to achieve an increased and clear coherence between these areas. Sweden is making active efforts to reach a common view among the Member States on implementation of the Common Position. An important way of bringing this about is to increase transparency between the Member States.

A review by COARM of the implementation of the EU Common Position and its user guide (in accordance with Council Conclusions 10900/15) was completed in 2019. This review led to the Common Position being updated in autumn 2019 (CFSP 2019/1560). The updates reflect a number of changes in the area of export controls that have taken place since 2008. This applies to changes at both EU and international levels, including in the form of the Arms Trade Treaty, Agenda 2030 and the EU strategy against illegal firearms and small arms and light weapons. In conjunction with the Council decision, Council decisions were also adopted on the review work (12195/19) in which the EU emphasises the importance of strengthening cooperation and increasing convergence in the area of military equipment exports under EU Common Foreign and Security Policy. In addition, COARM made revisions to the user's guide that helps member states interpret the criteria of the Common Position. During the review activity, Sweden pressed for texts on democracy to be inserted into the chapter of the user's guide concerned with Criterion Two and the situation of a recipient country with regard to human rights and respect for international humanitarian law. There are now new texts of this kind in the revised user's guide.

Due to Covid-19, most meetings during the year were held digitally. Only in the autumn did meetings resume in physical format. Written information exchanges were therefore more frequent. During the year, COARM has focused on continuing to implement the review of the Common Position. One issue has been the introduction of a common database for licence managers, which will be implemented in 2022. Within the framework of the COARM dialogue there is also a continuous exchange of information between EU Member States regarding existing international cooperation in the area. The ambition is to find common ground that can strengthen the Member States' actions in other fora, such as the Arms Trade Treaty.

Through COARM, the EU also pursues an active policy of dialogue with third countries on export controls. In this context, dialogue meetings were held during 2021 with Norway and the United States, among others.

Another aspect of the work aimed at third countries is the EU's support programmes to improve export controls with respect to military equipment, and to promote implementation of the Arms Trade Treaty, for those countries choosing to accede to the Treaty.

## **Exchange of information on denials**

In accordance with the rules for implementing the Common Position, Member States must exchange details of export licence applications that have been denied. Sweden received 276 denial notifications from other Member States and Norway in 2021.

Sweden submitted ten denial notifications. These denials related to Bangladesh, Egypt, Guinea-Bissau, Kazakhstan, Qatar, Saudi Arabia, South Africa, Taiwan, Togo and Turkmenistan. Of these, eight denials were decided on with reference to the Swedish national guidelines, one with reference to Criterion Two of the EU Common Position regarding the recipient country's respect for human rights and one with reference to the seventh criterion of the EU Common Position concerning the risk of equipment being diverted for other use within the purchasing country. The fact that exports to a particular recipient country have been denied in a specific case does not mean that the country is not eligible for Swedish exports of military equipment in other cases. Swedish export controls do not use a system involving lists of countries, i.e. pre-determined lists of countries that are either approved or not approved as recipients. Each individual export application is considered through an overall assessment in accordance with the guidelines adopted by the Government for exports of military equipment, the EU Common Position and the Arms Trade Treaty. To allow a licence to be granted, the application must be supported by the regulatory framework as a whole.

If a Member State is considering granting a licence for an essentially identical transaction that another state has denied, consultations are to take place before a licence can be granted. The former Member State also has to inform the latter state of its decision. The exchange of denial notifications and consultations on the notifications make export policy in the EU more transparent and uniform in the longer term between the Member States. The consultations also lead to greater consensus on different export destinations. Member States notifying each other about the export deals that are denied, and explaining the grounds for such denials, reduces the risk of another Member State approving the export. The ISP is responsible for notifications of Swedish denials and arranges consultations. Sweden received five consultation enquiries from other EU Member States in 2021. Three consultations were initiated by Sweden during the year.

## **Work on EU Directive 2009/43/EC on transfers of defence-related products within the EU and the EEA**

Under the Swedish Presidency in 2009, Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community, the ICT Directive, was adopted. The intention with the Directive was to allow for more competitive groups of defence industry companies and defence cooperation at the European level. The European Commission is in charge of the implementation of the Directive. It is



assisted in this work by an expert group of representatives from the Member States. The expert group held three meetings during 2021.

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The main focus of the Expert Group's work during the year has been to identify the export control challenges that Member States and participating entities may face as a result of EDF projects, and how the ICT Directive can be used to facilitate the implementation of EDF projects. The Commission continued its review of the Directive in 2021 in accordance with its Article 17. As part of this work, an evaluation has continued regarding the scope of and conditions in the general transfer licences to be issued by the Member States under the Directive. Work has continued on drawing up a common definition for the concept of 'specially designed for military use', in order to reduce the risk of differences in application between the Member States.

## **Exports of civilian firearms**

Regulation (EU) No 258/2012 of the European Parliament and of the Council implementing Article 10 of the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the UN Convention against Transnational Organized Crime (UN Firearms Protocol), and establishing export authorisation, and import and transit measures for firearms, their parts and components and ammunition was adopted in 2012. The intention of the regulation, and of the UN protocol, is to combat crime by reducing access to firearms. References to exports in the Regulation indicate exports outside of the EU; from the point of view of Sweden, this means, on the one hand, exports from Sweden to third countries and, on the other, exports from any other Member State to a third country in cases where the supplier is established in Sweden.

The Regulation covers firearms, parts for weapons and ammunition for civil use. It does not apply to firearms etc. that are specially designed for military use, or to fully automatic weapons. Exceptions to the scope of the Regulation are bilateral transactions, firearms etc. that are destined for the armed forces, the police or the authorities of the Member States. Replica weapons, deactivated firearms rendered unusable, antique firearms and collectors or other institutions concerned with the cultural and historical aspects of firearms also fall outside of the scope of the Regulation.

Those firearms etc. that are encompassed by the EU Regulation are also covered, with the exception of smooth-bored hunting and sporting weapons, by the appendix to the Military Equipment Ordinance. According to Regulation No 258/2012 of the European Parliament and of the Council, those aspects that are encompassed by the Common Position must be taken into consideration when assessing licence applications.

The EU Regulation has been applied in Sweden since 2013. There are provisions that complement the EU Regulation in the Ordinance (2013:707) concerning the control of certain firearms, parts of firearms and ammunition. The ISP is the authority responsible for licensing in accordance with the EU Regulation. In 2021, 236 cases were received by the ISP and 225 export licences were granted.

## **Arms embargoes**

Within the scope of its Common Foreign and Security Policy (CFSP), the EU implements embargoes that have been adopted by the UN on, for example, the trade in arms and dual-use items. The EU can also decide unanimously on certain embargoes extending beyond those adopted by the UN Security Council. These decisions by the Council of the EU may be regarded as an expression of the Member States' desire to act collectively on various security policy issues. An arms embargo that has been adopted by the UN or the EU is implemented in accordance with each Member State's national export control regulations. EU arms embargoes normally also include a prohibition on the provision of technical and financial services relating to military equipment. These prohibitions are governed by Council Regulations. Embargoes on trade in dual-use items are governed by both Council Decisions and Council Regulations. These are normally also accompanied by prohibition of the provision of technical and financial services relating to these items.

A decision by the UN Security Council, the EU or the OSCE to impose an arms embargo represents an unconditional obstacle to Swedish exports in accordance with the Swedish guidelines for exports of military equipment. If an arms embargo also applies to imports, special regulations on the prohibition are issued in Sweden. Such regulations have previously been issued for Iran, Libya and North Korea. As a result of EU sanctions against Russia, the Government decided in December 2014 to impose an arms embargo on Russia.

There are currently formal EU decisions, either independent or based on UN decisions, to impose arms embargoes on Afghanistan, Belarus, the Central African Republic, the Democratic Republic of Congo, Iran, Iraq, Lebanon, Libya, Myanmar, North Korea, Russia, Somalia, South Sudan, Sudan, Syria, Venezuela, Yemen and Zimbabwe. These embargoes vary in their focus and scope. There are also individually targeted arms embargoes against individuals and entities currently named on the UN terrorist list. The EU also applies an arms embargo against China, based on a Council declaration issued as a result of the events in Tiananmen Square in 1989. This embargo is not rooted in any legal instrument. Its application varies between the Member States according to national legislation, rules and decision-making processes. Sweden does not permit the export of any military equipment to China. Under an OSCE decision, a weapons embargo is also maintained on the area of Nagorno-Karabakh, which affects both Armenia and Azerbaijan.

The Ministry for Foreign Affairs has collated information on what restrictive measures (sanctions) against other countries exist in the EU and thus apply to Sweden. Information can be found on the website [www.regeringen.se/sanktioner](http://www.regeringen.se/sanktioner) and is updated regularly. This website provides a country-by-country account of arms embargoes and embargoes on dual-use items that are in force. It also contains links to websites with EU legal acts covering sanctions and, where applicable, the UN decisions that have preceded the EU measures.

## 2.4 Other international cooperation on export control of military equipment

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### **Transparency in conventional arms trade**

The UN General Assembly adopted a resolution on transparency in the arms trade in 1991. The resolution urges the UN member states to voluntarily submit annual reports on their imports and exports of conventional weapon systems to a register administered by the United Nations Office for Disarmament Affairs (UNODA).

The reports are concerned with trade in the following seven categories of equipment: tanks, armoured combat vehicles, heavy artillery, combat aircraft, attack helicopters, warships and missiles or missile launchers. The definitions of the different categories have been successively expanded to include more weapons systems, and it is now also possible to voluntarily report trade in small arms and light weapons. Particular importance is now attached to Man-Portable Air Defence Systems, which are included in the category of missiles and missile launchers. The voluntary reporting also includes information on countries' stockpiles of these weapons and procurements from their own defence industries. In consultation with the Ministry of Defence and the ISP, the Ministry for Foreign Affairs compiles annual data, which is submitted to the UN in accordance with the resolution.

As the Register is based on reports from many major exporters and importers, a significant share of world trade in heavy conventional weapon systems is reflected here.

Sweden's share of world trade in heavy weapon systems continues to be limited. The report that Sweden will submit to the UN for 2021 regarding the seven categories of equipment will only include exports of the RBS 70 portable air defence system to Brazil and the Czech Republic. There are no exports from Sweden to report for other categories. Trade in heavy weapons systems and small arms and light weapons is reported annually to the OSCE in the same way as to the UN.

The reporting mechanism of the Wassenaar Arrangement export regime regarding exports of military equipment largely follows the seven categories reported to the UN Register. However, certain categories have been refined through the introduction of subgroups and an eighth category for small arms and light weapons has been added. The Member States have agreed to report twice yearly, in accordance with an agreed procedure, and further information may then be submitted voluntarily. The purpose of this agreement is to draw attention to destabilising accumulations of weapons at an early stage. Exports of certain dual-use items and technology are also reported twice yearly.

### **The Arms Trade Treaty**

In 2013, the UN General Assembly voted to approve the international Arms Trade Treaty (ATT). The Treaty created an internationally binding instrument that requires its parties to maintain effective national control of

the international trade in defence equipment and sets standards for what this control will entail. The anticipated long-term effects of this treaty are:

- countries that regularly produce and export military equipment taking greater responsibility,
- a reduction in unregulated international trade, as more states accede and introduce controls, and
- better opportunities to counteract the illegal trade, through the increased number of countries that exercise control and through improved cooperation between them.

The Arms Trade Treaty entered into force in 2014. All the EU Member States have ratified the Treaty and are therefore full States Parties to it. At the end of 2021, 110 states had ratified the Treaty and a further 31 had signed it.

The seventh Conference of States Parties to the ATT took place in 2021, and was held in a hybrid format due to covid-19. Three working groups have been set up for Treaty work between the Conferences. They discuss effective implementation of the Treaty, increased accession to the Treaty and transparency and reporting issues. In addition, a Voluntary Trust Fund has been established for financial support to projects for States Parties that need help with improving their control systems. A forum has also been established to enable exchange of information between States Parties and signatory states concerning detected or suspected diversion of arms. However, due to covid-19, the forum was unable to convene in 2021.

The Government attaches great importance to a widespread accession to and effective implementation of the Arms Trade Treaty. A universal, legally binding treaty that strengthens the control of trade in conventional arms is an effective tool to deal with the cross-border flows of weapons that nurture armed violence and armed conflicts. Sweden therefore plays an active part in the continued work aimed at realising the objectives of the Treaty and the accession of more states.

Sweden facilitated work in the area of reporting during 2014–2017, and chaired a sub-working party on the implementation of central provisions of the Treaty in 2018–2019. In 2021, Sweden participated in the meetings of the working groups as well as the steering group for the ATT Voluntary Trust Fund. Sweden is one of the major contributors to the Voluntary Trust Fund and has also contributed to the UN Trust Facility Supporting Cooperation on Arms Regulation (UNSCAR). The two funds complement each other in that they are focused on different support channels. In 2021, Sweden also contributed with grants to civil society organisations working to strengthen implementation of and broader adherence to the ATT, such as Control Arms.

During the year, EU Member States continued to coordinate their actions concerning the ATT in the Council working group COARM.

### **Small arms and light weapons**

The term ‘small arms and light weapons’ (SALW) essentially refers to firearms which are intended to be carried and used by one person, as well as weapons intended to be carried and used by two or more persons.

Examples of the former category include pistols and assault rifles. Examples of the latter include machine guns, rocket-propelled grenades and portable missiles. Work to prevent and combat the destabilising accumulation and the uncontrolled proliferation of small arms and light weapons is currently taking place in various international forums such as the UN, the EU and the OSCE. No other type of weapons causes more deaths and suffering than these, which are used every day in local and regional conflicts, particularly in developing countries and in connection with serious and often organised crime.

Sweden strives to ensure that all countries establish and implement a responsible export policy with comprehensive laws and regulations. The aim is for all countries to have effective systems that control manufacturers, sellers, buyers, agents and brokers of SALW.

In 2001, the UN adopted a Programme of Action to prevent, combat and eradicate the illicit trade in small arms and light weapons. The UN's work aims to raise awareness of the destabilising effect small arms and light weapons have on regions suffering from conflict. Non-proliferation efforts are also important to combat criminality and, in particular, terrorism. The UN Programme of Action complements the regulation of the international arms trade established by the Arms Trade Treaty, by focusing on measures at the national level to reduce illegal flows of small arms and light weapons. In 2021, Sweden participated in the seventh Biannual Meeting of States to the Programme of Action.

Within the EU, work is based on a common strategy adopted in 2018 against illegal firearms and small arms and light weapons and ammunition. The strategy contains a number of proposals for measures for work on small arms and light weapons within the Union's borders and in the vicinity of the EU and reflects Swedish priorities well.

In 2018, the OSCE Ministerial Council adopted a declaration on the organisation's work on standardisation and appropriate approaches to combating illegal proliferation of small arms and light weapons and safe stockpiling of conventional ammunition. Since the adoption of the declaration, work in this field has for instance included reviewing handbooks, known as Best Practice Guides. These handbooks are issued by the secretariat after having been adopted by the Forum for Security Cooperation (FSC). During 2021, Sweden was responsible for producing the handbook 'Best Practice Guide on Small Arms and Light Weapons in Disarmament, Demobilization & Reintegration Processes'. Before the OSCE's 2021 Ministerial Council in Stockholm, a draft resolution on small arms and light weapons was negotiated, but no consensus was reached. During the year, Sweden reported exports of small arms and light weapons to the UN Register of Conventional Arms as well as to the OSCE Register of Conventional Arms.

During 2021, Sweden contributed to several funds aiming to reduce the uncontrolled proliferation of small arms and light weapons, and to strengthen the international processes in this area. One such example is the Saving Lives Entity, established within the UN Peacebuilding Fund, which aims to deal with the serious challenges linked to small arms, light weapons and armed violence through a gender mainstreamed, multidimensional approach. Sweden is one of the major donors to the fund,

which was established in response to the need for more flexible, long-term funding to combat the illicit proliferation of small arms and light weapons.

## **The Six Nation Initiative**

In 2000, the six nations in Europe with the largest defence industries – France, Germany, Italy, Spain, Sweden and the United Kingdom – signed an important defence industry cooperation agreement at governmental level. This agreement was negotiated as a result of the declaration of intent adopted by the countries’ defence ministers in 1998, the Six Nation Initiative. The purpose of the agreement is to facilitate rationalisation, restructuring and the operation of the European defence industry. Activity in the Six Nation Initiative and its working groups also covers export control issues.

The Covid-19 pandemic severely limited the work within the Six Nation Initiative in 2021, and no physical meetings were held during the year. The informal LoI Export Control Informal Working Group (LoI ECIWG) was reactivated during the year and held digital meetings to discuss export control issues related to the European Defence Fund (EDF) and the future management of third country exports within the framework of cooperation.

## **3 Dual-Use Items**

### **3.1 Background and definitions**

The term dual-use items is used in reference to items produced for civil use that may also be used in the production of weapons of mass destruction or military equipment. Dual-use items may also include certain other products of particular strategic importance, such as encryption systems.

Within the international export control regimes, control lists have been drawn up establishing which products are to be subject to licensing. This is justified by the fact that, for example, some countries run programmes to develop weapons of mass destruction despite having signed international agreements prohibiting or regulating such activities, or because they remain outside these agreements. Such countries have often increased their capacity by importing civilian products that have then been used for military purposes.

There are historical examples of countries that have acquired military capabilities by importing products from companies that were unaware they were contributing to the development and production of weapons of mass destruction. The same purchase request is often sent to companies in different countries. Previously, one country could refuse an export licence while another country granted it. Consequently, there was an obvious need for closer cooperation and information sharing between exporting countries. This need prompted the establishment of the export control regimes. In recent years, the need for coordinated control in prevention of terrorist acts has also come to the fore.

The issue of non-proliferation of weapons of mass destruction has long been high on the international agenda. The main focus has been on preventing more states from obtaining weapons of mass destruction. Since the acts of terrorism on 11 September 2001, close attention has also been paid to non-state actors. In recent decades, the international community has developed a range of cooperation arrangements to limit the proliferation of these products. Multilateral measures to prevent the proliferation of weapons of mass destruction have primarily been expressed through several international conventions and cooperation within export control regimes, in which many of the major producer countries cooperate to make non-proliferation work more effective. There is no legal definition of weapons of mass destruction. However, the term usually refers to nuclear, chemical and biological weapons. In modern terminology, radiological weapons are also sometimes considered to be covered by the term. Efforts to prevent the proliferation of weapons of mass destruction also include certain delivery systems for such weapons, such as cruise missiles and long-range ballistic missiles.

For countries in the EU, there is a common regulatory framework in the form of Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (the Dual-Use Regulation). The Regulation replaced the previous regulatory framework, Council Regulation (EC) 428/2009, on 9 September 2021. Some features of the new Dual-Use Regulation are described in section 3.2 below and in *Annex 4*.

Export control is always implemented at the national level, but extensive coordination also takes place through international export control regimes (see section 3.2 for a review of the regimes) and within the EU.

The EU Strategy against the Proliferation of Weapons of Mass Destruction from 2003 contains a commitment to strengthen the effectiveness of export control of dual-use items in Europe. One reason is that various sensitive products that could be misused in connection with weapons of mass destruction are manufactured in the EU. The export control measures required in the EU must, at the same time, be proportionate to the risk of proliferation and not unnecessarily disrupt the internal market or the competitiveness of European companies.

## 3.2 Regulation of Dual-Use Items

The inclusion of a dual-use item on a control list does not necessarily mean that the export of that item is prohibited, only that the item is assessed as sensitive and its export is therefore subject to control. In the EU, the control lists adopted by the various regimes are incorporated into Annex 1 to the Dual-Use Regulation and constitute the basis for decisions for granting or refusing export licences.

The Dual-Use Regulation states that Member States can also use a mechanism that enables unlisted items to be made subject to controls in the event that the exporter or the licensing authorities become aware that the product is or may be intended for use in developing weapons of mass

destruction or for other military purposes. This is known as a catch-all mechanism and is also common practice within the international export control regimes.

Article 5 of the new Dual-Use Regulation also makes exports of unlisted cyber-surveillance items subject to licence obligation if the exporter has been informed by the competent authority that the items may be intended for use in connection with internal repression or to commit serious violations of human rights or international humanitarian law. Cyber-surveillance products are defined in Article 2.20 as dual-use items that are specifically designed to enable the covert surveillance of natural persons by monitoring, extracting, collecting or analysing data from information and telecommunication systems. Another new opportunity for control is included in Article 10, whereby items not listed in Annex I but included in the national control lists of other Member States in accordance with Article 9, may be subject to licence obligation in Sweden if the competent Swedish authority has informed the exporter that the item may be intended for a uses of concern with respect to public security, including the prevention of terrorist acts, or to human rights considerations. The purpose of this mechanism in Article 10 is to enable Member States to coordinate their actions quickly when new risks are identified, for example due to emerging technologies.

Much of the work in the EU and in the regimes consists in the extensive exchange of information, in the form of outreach activities towards domestic industry as well as other countries, on the need for export control and the development of export control systems.

The export control of dual-use items and of technical assistance in connection with these products is governed nationally by the Dual-Use Items and Technical Assistance Control Act (2000:1064). The Act contains provisions supplementing the Dual-Use Regulation.

It is difficult to provide an overall picture of the industries that work with dual-use items in Sweden, since a considerable proportion of products are sold in the EU market or exported to markets covered by the EU's general export licences. The principal rule is that no licence is required for transfer to another EU member State. The general licence EU001 applies, with some exceptions, to all products in Annex I to the Dual-Use Regulation regarding export to Australia, Canada, Iceland, Japan, Liechtenstein, New Zealand, Norway, Switzerland, the United Kingdom and the United States. There are also an additional seven general licences (EU002–EU008).

Unlike companies which are subject to the military equipment legislation, no basic operating licences under the export control legislation are required for companies that produce or otherwise trade in dual-use items. Nor are these companies obliged to make a declaration of delivery in accordance with the export control legislation. However, a company is obliged to make a fee declaration if it has manufactured or sold controlled products subject to supervision by the ISP. This includes sales within and outside Sweden.

In the event that a company is aware that a dual-use item, which the company concerned intends to export and which is not listed in Annex I of the Dual-Use Regulation, is intended to be used in connection with weapons of mass destruction, it is required to inform the ISP. The ISP can,



following the customary assessment of the licence application, decide not to grant a licence for export in accordance with the catch-all clause. The same applies if the exporter is aware that a cyber-surveillance product is intended for use in connection with internal repression or serious violations as defined in Article 5.

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A majority of the dual-use items exported with a licence from the ISP are telecommunications equipment containing encryption and thermal imaging devices, both of which are controlled in the Wassenaar Arrangement export regime. Carbon fibre and frequency changers for the dairy and food industry also account for a significant proportion. Another major product in terms of volumes is heat exchangers, which are controlled within the Australia Group export regime. Other products, such as isostatic presses, chemicals or UAVs (unmanned aerial vehicles) and equipment related to such vehicles, represent a smaller share of dual-use items.

The embargo on trade in dual-use items is in accordance with UN decisions and has been implemented and expanded by the EU to encompass North Korea. Under an EU decision, this embargo is complete, i.e. it covers all products on the EU control list. Certain similar items are also covered by an embargo.

Following Russia's annexation of the Crimean Peninsula in Ukraine in 2014, the EU has adopted certain restrictive measures (sanctions) against Russia. These have remained in force during 2021. Export restrictions cover the entire EU control list for dual-use items if they are intended for military end-use or for military end-users. Since 2021, additional sanctions against Russia have been imposed in view of Russia's invasion of Ukraine in 2022.

In accordance with EU decisions, exports of certain dual-use items are also prohibited or covered by a licence requirement in relation to Syria.

In January 2016, all EU nuclear technology-related sanctions against Iran were lifted in accordance with the Joint Comprehensive Plan of Action (JCPoA), as the International Atomic Energy Agency (IAEA) had confirmed that Iran had complied with its obligations under the plan. In May 2018 the United States announced that it intended to leave the JCPoA and unilaterally re-introduce the sanctions previously lifted as a result of the agreement. The United States sanctions were then re-introduced in a first stage in August and in a second stage in November 2018. The EU's commitments to the agreement remain in place. Licensing procedures now apply to dual-use items that have previously been subject to embargoes. However, this does not apply to items covered by the Missile Technology Control Regime (MTCR).

Sweden has both legally binding commitments that have been adopted by the UN and the EU, and political commitments, within the scope of the export control regimes, aimed at limiting the spread of sensitive information and technologies, including those that can be used to manufacture weapons of mass destruction. One important element is working to ensure vigilance regarding the spread of sensitive information through intangible technology transfer, for example in university education and research cooperation. This includes consular vigilance, which covers admission to universities and assessing applications for residence permits for studies relating to such sensitive information and technology. The ISP also continued its work targeted at universities and

university colleges to raise awareness of the risks linked to the proliferation of sensitive technologies. In the context of EU cooperation, the ISP actively participated in the development of a recommendation on internal compliance programmes specifically targeted at dual-use items research organisations.

### 3.3 Cooperation within international export control regimes

#### **International agreements**

Among international agreements, specific reference should be made to the following:

- the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (Non-Proliferation Treaty, NPT);
- the 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (BTWC);
- the 1993 Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (CWC).

Sweden is a States Party to all three agreements (see SÖ 1970:12, SÖ 1976:18 and SÖ 1993:28).

Under the Non-Proliferation Treaty, non-nuclear-weapon states undertake not to receive or manufacture nuclear weapons, while the five nuclear-weapon states (China, France, Russia, the United Kingdom and the United States) commit themselves to disarmament. Furthermore, the parties undertake not to transfer source or special fissionable material, or equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon state, unless the source or special fissionable material or equipment is subject to the IAEA's safeguards.

In the BTWC, the parties undertake not to transfer, either directly or indirectly, equipment that can be used for the production of biological weapons.

The CWC stipulates that its parties are not to transfer, either directly or indirectly, chemical weapons to any other state.

Although the primary objective of these international agreements is to prevent the proliferation of weapons of mass destruction and to promote disarmament, they also require the parties to promote trade for peaceful purposes. This is because a substantial proportion of the products and technologies concerned are dual-use items, and because trading in products for civil use should therefore be encouraged.

#### **The international export control regimes**

To strengthen international cooperation on non-proliferation of weapons of mass destruction, some forty countries have joined together on their

own initiative in five international export control regimes: the Zangger Committee, the Nuclear Suppliers Group, the Australia Group, the Missile Technology Control Regime and the Wassenaar Arrangement. Comm. 2021/22:114

The purpose of the regimes is to identify goods and technologies that can be used in connection with weapons of mass destruction and to enhance the uniformity of the participating countries' export control of these. To support this work, each regime has a list of items subject to control. The lists are revised annually. This work also includes exchanging information on refused exports, proliferation risks and contacts with third countries for the purpose of promoting the regimes' non-proliferation objectives.

Cooperation in the multilateral export control regimes is grounded in a shared political will to prevent the proliferation of weapons of mass destruction. This is achieved through national legislation enabling the export control of goods and technologies identified as strategic. Participation in these regimes makes it easier to meet the legally binding international commitments in the above-mentioned international agreements to refrain from assisting other states, directly or indirectly, in acquiring weapons of mass destruction.

The international export control regimes have worked for many years on early identification of new non-controlled items and technologies that can be used for military purposes. Ever-faster development in emerging technologies, for example artificial intelligence (AI), quantum computers and biotechnology, makes this work increasingly important. Sweden is affected by this development, as it has export-oriented and advanced industry with leading-edge technology. Ever-greater attention needs to be paid to emerging sensitive technologies, both at national level, for example through strengthened collaboration between government agencies, and at international level through cooperation with other countries in the various export control regimes.

## **The Zangger Committee**

The Zangger Committee was established in 1974 and deals with export control issues related to the Non-Proliferation Treaty. The Committee defines the meaning of equipment or material especially designed or arranged for the processing, use or production of special fissionable material. Consequently, its responsibilities overlap to some extent with those of the Nuclear Suppliers Group, see below. The Non-Proliferation Treaty stipulates that the export of such equipment and material to a non-nuclear-weapon state, as well as raw material and special fissionable material, is only allowed if the raw material or the special fissionable material is subject to IAEA safeguards. The equipment and materials are specified in the Committee's control list, which is updated to keep pace with technological developments. The list was updated in 2020 and can be found in the IAEA's Information Circular No 209 (INFCIRC/209/Rev.5). The Swedish Defence Research Agency (FOI) is responsible for setting up the Zangger Committee's website.

## **Nuclear Suppliers Group**

The work of the Nuclear Suppliers Group (NSG) is concerned with the export control of products listed in Part 1 and Part 2 of the NSG Guidelines, including products with nuclear applications and dual-use items that can be used in connection with the development or production of nuclear weapons. These products are listed in the IAEA's Information Circular No. 254, which includes two control lists for each group of items (INFCIRC/254/Rev.14/Part 1 and INFCIRC/254/Rev.11/Part 2). This year's plenary meeting took place in Brussels and was chaired by Belgium. During the meeting, information was exchanged on nuclear non-proliferation and export controls, including in relation to the situations in Iran and North Korea. The NSG states expressed their determination to continue to work effectively within the NSG, despite the constraints imposed by the covid-19 pandemic.

## **The Australia Group**

The Australia Group was formed in 1985 on the initiative of Australia. Its aim is to harmonise member states' export controls to prevent the proliferation of chemical and biological weapons. Originally, the Group's work only encompassed chemicals and chemical production equipment. In 1990, however, the control lists were expanded to include microorganisms, toxins and certain manufacturing equipment for biological weapons.

## **The Missile Technology Control Regime**

The Missile Technology Control Regime was set up following an American initiative in 1982. It focuses on export controls of complete rocket systems (including ballistic missiles, space launch vehicles and sounding rockets) and other unmanned aerial vehicles (including cruise missiles, drones and reconnaissance platforms) with a range of 300 kilometres or more. Controls also extend to components of such systems and other items that can be used to produce robots, as well as smaller unmanned aerial vehicles designed to be able to spread aerosols. The 2021 plenary meeting was held in Sochi, Russia. The meeting included an exchange of information on the challenges of missile proliferation, particularly with regard to ongoing missile development programmes in Asia (for example North Korea) and the Middle East (for example Iran), and the risk that these could contribute to new programmes in other countries.

## **The Wassenaar Arrangement**

The Wassenaar Arrangement was formed in 1996 as a successor to the international export control cooperation that had previously taken place within the Coordinating Committee for Multilateral Export Controls (CoCom). The Arrangement's work covers the control of conventional weapons, as well as dual-use items and technologies not controlled by

other regimes. Consequently, it represents an important complement to the work of other regimes that focus exclusively on weapons of mass destruction and certain delivery systems. The Arrangement currently has 42 participating states. These include most large producers and technology holders in the areas concerned.

The Arrangement's aim is to contribute to regional and international security and stability by promoting openness and responsible action with regard to transfers of conventional weapons and dual-use items, thus helping to avoid destabilising accumulations. The basic view taken by the Wassenaar Arrangement is that trading of the listed items should be permitted but subject to control.

An important function maintained by the Wassenaar Arrangement is to bring together technical expertise from the participating states on a regular basis to update the common control lists in light of technical developments.

The Arrangement maintains two control lists that are attached to its basic documents: the Munitions List, which covers conventional military equipment, and the List of Dual-Use Goods and Technologies, which covers products and technologies with both civilian and military uses that are not included in the other regimes' control lists. In practice, the two lists guide the contents of the EU's corresponding control lists.

The Wassenaar Arrangement's annual plenary meetings are held in Vienna in the late autumn. These meetings address matters of fundamental significance to the continued development of this cooperation. On the basis of the ongoing technical work throughout the year, formal decisions are also made on updating the control lists. No plenary meeting could be held in 2021, but a number of decisions on organisational and administrative matters were made via written procedures.

### 3.4 Collaboration within the EU on dual-use items

#### **The export control regimes and the EU**

Work within the EU on the export control of dual-use items is closely associated with the international work that takes place as part of the export control regimes. Coordination within the EU takes place principally within the Council's Working Party on Non-Proliferation (CONOP), which deals with non-proliferation issues in general, and within the Working Party on Dual-Use Goods (WPDU), which works, among other things, on policy issues and updating the control list of dual-use items which fall under the Dual-Use Regulation.

During the year, a new version of the Dual-Use Regulation was adopted which entered into force on 9 September 2021. This marked the conclusion of several years of negotiations in the WPDU, the European Parliament and the so-called trilogue process. The Commission's initial proposal was presented to Member States and the European Parliament in autumn 2016. This is a comprehensive revision of the current Regulation. The aim, according to the Commission, is to modernise the legal framework and make control work more efficient both for export control authorities and the industry. The revised Regulation thus contains several changes

compared to the previous version (Council Regulation [EC] No 428/2009), some of which are briefly described in *Annex 4*.

An inquiry chair has been tasked with assisting the Government Offices with analysing the need for statutory amendments due to the revised Dual-Use Regulation. Proposals for statutory amendments due to the new Dual-Use Regulation were outlined in the memorandum Strengthened control of dual-use items (Ds 2021:32), which was circulated for referral at the end of 2021.

In accordance with the EU's strategy against the proliferation of weapons of mass destruction, Member States must work to make the EU a leading partner in the export control regimes. The EU has long held the view that all EU Member States should be invited to join all the export control regimes. The main reason is the EU's Single Market, which covers the vast majority of dual-use items, as well as the endeavour to maintain effective national export controls that are harmonised for all EU Member States, based on the regimes' control lists, guidelines for export controls and exchanges of information on proliferation risks. Trade within the EU is not counted as exports in this context. EU Member States are thus dependent on each country's export control systems. This is an additional reason why the issue of membership in the export control regimes is an important dimension.

All EU Member States are members of the NSG and the Australia Group. This is not the case for the Missile Technology Control Regime, where decisions have not yet been made on Croatia, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia. The same applies to Cyprus in the Wassenaar Arrangement.

## **Work on the control lists during the year**

The changes made to the regimes' control lists over the course of the year are detailed in Annex I of the Dual-Use Regulation, and thus become legally binding for EU Member States. In accordance with its delegated authorities, the Commission has updated Annex I in line with the changes determined within the export control regimes and has made consequential amendments to Annexes IIa–IIg and Annex IV. The changes are set out in the regimes towards the end of a calendar year and are usually entered in Annex I in the subsequent year.

## **The Working Party on Dual-Use**

In 2021, activities of the Working Party on Dual-Use Goods (WPDU) were initially dominated by the forensic linguistic review of the revised Dual-Use Regulation.

In addition to the work relating to the revised Dual-Use Regulation, WPDU activities also involved exchanges between the Member States and the Commission on information and statistics relating to export controls, as well as issues concerning new technologies. The WPDU also worked on export control issues within the EU-US Trade and Technology Council (TTC), which began its work during the year.

## Work in the Dual-Use Coordination Group

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The activities of the Dual-Use Coordination Group (DUCG) are aimed at coordinating application of the Dual-Use Regulation. During the year, the group provided support to work on updating the EU-wide control list, prepared statistical data for the Commission's annual report on export control, exchanged experience and information on national implementation of the Dual-Use Regulations and assisted the Commission in the development of the electronic information system DUEs.

In 2019, the DUCG set up a technical expert group with the task of drawing up guidance for export control of dual-use items aimed specifically at educational institutions and other research institutes (research organisations). As a result of the expert group's work, Commission Recommendation (EU) 2021/1700 was published. The ISP represented Sweden in the Expert Group. In 2021, the DUCG established a new expert group to coordinate and share information on new technologies and reactivated a previous expert group on cyber-surveillance products to coordinate Member States and develop guidance on cyber-surveillance products for exporters. The ISP was one of the authorities that represented Sweden in the new expert group.

### 3.5 UN Security Council Resolution 1540 and the Proliferation Security Initiative

The United Nations Security Council adopted Resolution 1540 in 2004. The Resolution, supported by Chapter VII of the UN Charter, through binding decisions, obliges all UN Member States to prevent non-state actors (terrorists) from gaining access to weapons of mass destruction, their means of delivery and items connected to such weapons. It sets out, among other things, that all states are to establish effective national controls of exports, brokering, transit and trans-shipments. The Resolution also contains provisions on assisting other countries with the implementation of the obligatory measures.

It was also decided through Resolution 1540 to establish a committee tasked with reporting to the Security Council on the Resolution's implementation. The UN's Member States are urged to report to this committee on the steps that they have taken to implement the Resolution. In April 2021, the mandate for the 1540 Committee was extended until February 2022.

An international initiative that shares several points with Security Council Resolution 1540 and partly overlaps with it is the Proliferation Security Initiative, to which 107 countries have acceded. This initiative, supported by the EU and Sweden, aims to strengthen international cooperation in order to be better able to prevent the transport of weapons of mass destruction and the components of such products to unauthorised recipients within the framework of international and national law. National efforts to maintain the necessary preparedness and to act in an urgent matter of this type are divided between the authorities concerned according to established remit principles.

## 4 Responsible authorities

### 4.1 The Inspectorate of Strategic Products

The Inspectorate of Strategic Products (ISP) is the central administrative authority for cases and supervision pursuant to the Military Equipment Act (1992:1300) and the Dual-Use Items and Technical Assistance Control Act (2000:1064). For dual-use items and technical assistance, the ISP has this responsibility in cases where no other authority has this remit. The Swedish Radiation Safety Authority has the same responsibility with reference to particularly sensitive nuclear technology products.

The Swedish Defence Research Agency and the Swedish National Defence Radio Establishment assist the ISP by providing technical expertise and organisations including the Swedish Military Intelligence and Security Directorate, the Swedish Security Service and the Swedish National Defence Radio Establishment supply the ISP with information. The ISP also has an established partnership with Swedish Customs. Some of the ISP's supervisory inspections are carried out jointly with Swedish Customs and the authorities also exchange information on export licences.

The Government has appointed the ISP as the competent authority with responsibility for executing certain duties stipulated by Council resolutions concerning sanctions that have been decided on by the European Union. The ISP also has supervisory duties in relation to special prohibiting regulations issued by the Government with the support of the Act (1996:95) on Certain International Sanctions.

The ISP is the national authority under the 1992 Chemical Weapons Convention (CWC) and performs the duties pursuant to the Act (1994:118) concerning inspections under the United Nations Chemical Weapons Convention. This aspect of the ISP's activities is not dealt with in the present Communication, as it does not have a direct link to the Inspectorate's work relating to export control.

The ISP is also the licensing authority in accordance with Regulation (EU) No 258/2012 of the European Parliament and of the Council of 14 March 2012 implementing Article 10 of the United Nations' Protocol against the illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, supplementing the United Nations Convention against Transnational Organised Crime (UN Firearms Protocol), and establishing export authorisation, and import and transit measures for firearms, their parts and components and ammunition. The Regulation regulates licences to export civilian firearms, their parts and ammunition outside the EU, as well as certain import and transit measures.

In June 2020, the ISP was named as Sweden's contact point in accordance with Regulation (EU) 2019/452 of 19 March 2019 of the European Parliament and of the Council establishing a framework for screening of foreign direct investments into the European Union. The Regulation came into force on 11 October 2020. The ISP was also tasked with working together with other relevant government agencies to develop



the cooperation forms required in order for the ISP to be able to carry out its duties as a national contact point. Work relating to the screening of foreign direct investments is not dealt with in the present Communication, as it does not currently have a direct link to the Inspectorate's work relating to export control.

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The inquiry on screening foreign direct investments (the Direct Investment Inquiry), which submitted its final report in November 2021, proposed that the ISP should be tasked as review authority in accordance with the proposed regulatory framework (SOU 2021:87). The Inquiry's proposals have been distributed for referral.

The authority's responsibilities are set out in the Ordinance (2010:1101) with instructions for the Inspectorate of Strategic Products. The Ordinance stipulates that the ISP shall present to the Government each year 1) a report on Swedish exports of military equipment and other strategic products during the previous calendar year and 2) a description of significant trends in Swedish and international export control. This information forms the basis for the annual communication on strategic export controls, including this year's Communication.

## **Contacts with companies**

The ISP maintains regular contact with the companies whose exports are subject to control. The Military Equipment Act and the Military Equipment Ordinance set forth most of the obligations for companies to present notifications and data to the ISP. For example, companies have to report regularly to the ISP on their marketing activities abroad. These reports form the basis for the ISP's periodic briefings with the companies regarding their export plans. The ISP may issue positive or negative preliminary decisions to the companies on destinations that are sensitive or have not yet been assessed.

In addition to processing export licence applications, the ISP reviews the notifications that companies and authorities are obliged to submit at least four weeks prior to submitting tenders or signing contracts concerning exports of military equipment or other cooperation with foreign partners in this field. At this stage, the ISP has the opportunity to notify prohibitions on submitting tenders or entering into contracts. Exporters of military equipment must also report the deliveries of military equipment that are made under the export licences issued to them.

In contrast to military equipment, no licence is required to manufacture dual-use items under export control legislation. Furthermore, as a general rule, licences are not required for sales of dual-use items within the EU (a licence is only required for what are referred to as Annex IV items.) The control list drawn up in accordance with the Dual-Use Regulation states which categories of items require licences to be exported outside the EU. It is primarily up to the companies to classify whether or not a product should be considered a dual-use item. When a company is unsure whether its item belongs to the controlled items category, the company can submit an enquiry to the ISP. In light of this, the ISP's contacts with companies that deal with dual-use items are different to those that apply to military equipment. As a general rule, the ISP meets companies that deal with dual-

use items less regularly, with the exception of a few military equipment companies.

In its supervisory role, the ISP carries out compliance visits to companies and authorities to monitor their internal export control organisations. During 2021, only one such visit could be carried out due to covid-19. In addition, the ISP carried out 31 digital compliance visits. These included educational institutions and companies working in the fields of both dual-use items and military equipment.

## **Funding**

Rules concerning the ISP's funding are detailed in the Ordinance (2008:889) on the financing of the operations of the Inspectorate of Strategic Products (ISP). A large proportion of the authority's activity is funded by actors whose activities are controlled by the ISP. The Ordinance stipulates that the fee structure is broken down into three categories: military equipment, dual-use items and products covered by the Act Concerning Inspections in Accordance with the UN Convention on the Prohibition of Chemical Weapons (1994:118).

When the Ordinance (2013:707) concerning the control of certain firearms, parts of firearms and ammunition handed the ISP the task of assessing export licence applications in accordance with Regulation (EU) No 258/2012, the ISP was also given the right to charge licence application fees.

Parts of the ISP's international operations, support to the Government Offices of Sweden and work on international sanctions, are funded by appropriations.

The ISP's outreach activities should primarily be funded by parties other than the ISP. No outreach was conducted in 2021.

## **The Export Control Council**

The Riksdag decided in 1984, on the basis of the Government Bill proposing greater transparency and consultation on matters relating to exports of military equipment etc. (Govt Bill 1984/85:82), that an advisory board on military equipment issues should be established. The Government reorganised this board into the Export Control Council ('the Council') in connection with the establishment of the ISP in 1996. The rules governing the composition and activities of the Council are included in the ISP's instructions. All parliamentary parties are represented on the Council, in some cases with a former Member of Parliament. It is chaired by the Director-General of the ISP.

A new Export Control Council started work on 1 November 2019, after being appointed by the Government. In accordance with the proposals of the final report Stricter export control of military equipment (SOU 2015:72), deputy members for the ordinary members were also appointed for the first time. A list of the Council's members and deputy members appears at the end of this section.

The Director-General of the ISP is responsible for selecting those cases that will be subjected to consultation with the Export Control Council.

Consultation can take place, for example, before a preliminary decision is issued to a company. The Director-General has to consult the Council before the ISP submits an application to the Government for final assessment under the Military Equipment Act or the Dual-Use Items and Technical Assistance Control Act.

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At meetings of the Export Control Council, the Ministry for Foreign Affairs presents assessments of the relevant recipient countries. The Ministry of Defence provides assessments of the defence policy aspects of the cases. The ISP's Director-General may also summon other experts. One task of the Council is to present opinions on proposed exports based on the Swedish guidelines, the EU Common Position on arms exports and the Arms Trade Treaty in order to provide further guidance to the ISP.

The members have unrestricted access to the documentation of all export licence application proceedings. The Director-General reports continuously on all export licence decisions, processed tender notifications and cooperation agreements, as well as preliminary decisions that have been ruled upon. With effect from 2005, the ISP also reports all export licence decisions on dual-use items to the Council. Altogether, this system ensures good insight into application of the rules on export control for members of parliament from all parties represented in the Riksdag.

The intention of the Swedish system, which is unique in international terms in that representatives of the parliamentary parties can discuss potential export deals in advance, is to build a broad consensus on export control policy and promote continuity in policy practice. Unlike in many other countries, the Export Control Council deals with cases at an early stage, before a specific deal is carried out. Since it would harm the exporting companies commercially if their plans were made known before they had concluded a deal, the Council's discussions are not made public. The assessments of individual countries are normally subject to confidentiality in relation to foreign affairs.

However, the Advisory Council on Foreign Affairs, which differs from The Export Control Council, is still to be consulted in cases where this is prescribed by the Instrument of Government. The Export Control Council does not replace the Advisory Council on Foreign Affairs in cases where the Instrument of Government prescribes that the Advisory Council on Foreign Affairs should be consulted. Six Export Control Council meetings were held in 2021. The Council received thirteen cases for consultation. Ten of these related to military equipment, and three to dual-use items.

#### Members of the Export Control Council:

- Jan R Andersson, Member of Parliament (Moderate Party)
- Camilla Brodin, Member of Parliament (Christian Democrats)
- Annicka Engblom, Member of Parliament (Moderate Party)
- Camilla Hansén, Member of Parliament (Green Party)
- Kerstin Lundgren, Member of Parliament (Centre Party)
- Maria Nilsson, Member of Parliament (Liberal Party)
- Mattias Ottosson, Member of Parliament (Social Democrats)
- Roger Richtoff, Member of Parliament (Sweden Democrats)
- Marie Granlund, former Member of Parliament (Social Democrats)
- Stig Henriksson, former Member of Parliament (Left Party)

- Lars Johansson, former Member of Parliament (Social Democrats)
- Per Westerberg, former Member of Parliament (Moderate Party)

Deputy members of the Export Control Council:

- Gudrun Brunegård, Member of Parliament (Christian Democrats)
- Magnus Ek, Member of Parliament (Centre Party)
- Hanna Gunnarsson, Member of Parliament (Left Party)
- Ann-Charlotte Hammar Johnsson, Member of Parliament (Moderate Party)
- Caroline Nordengrip, Member of Parliament (Sweden Democrats)
- Agneta Börjesson, former Member of Parliament (Green Party)
- Eva Sonidsson, former Member of Parliament (Social Democrats)
- Lars Tysklind, former Member of Parliament (Liberal Party)

### **The Strategic Cooperation Council**

The Strategic Cooperation Council is a cooperative council attached to the ISP for cooperation on issues related to non-proliferation. It consists of a Director-General and members from the cooperating authorities appointed by the ISP. The Strategic Cooperation Council met once in 2021.

### **The Technical-Scientific Council**

A Technical-Scientific Council is attached to the ISP to assist the Director-General of the ISP in the discussion of matters concerning the classification of military equipment and dual-use items. The Council consists of representatives of institutions with expertise in the civilian and military applications of technology. The Technical-Scientific Council held one meeting in 2021.

## **4.2 The Swedish Radiation Safety Authority**

In accordance with the Ordinance (2008:452) with instructions for the Swedish Radiation Safety Authority, the Swedish Radiation Safety Authority (SSM) is the central government authority for issues relating to the protection of human health and the environment against the harmful effects of ionising and non-ionising radiation, security and physical protection in nuclear and other activities involving radiation and nuclear non-proliferation.

The SSM's non-proliferation remit in connection with exports of nuclear material and nuclear technology products is stated in the Ordinance mentioned and in the Dual-use Items and Technical Assistance Control Ordinance (2000:1217). This states that the SSM decides whether or not to authorise exports to a country outside the EU or for transfers within the EU of nuclear material and nuclear technology products. This does not, however, apply in certain specific cases, as stated in the Ordinance, for which the Government is the decision-making body. The items are specified in Annex I, Category 0, and in Annex IV of the Dual-Use

Regulation. The SSM is also the national supervisory authority which checks that these provisions are followed. Comm. 2021/22:114

By Government Decision, the SSM is assigned as the authority regarding consideration of applications which follow from Council Regulation (EU) No 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No 961/201.

In the field of nuclear non-proliferation, the SSM is also the national supervisory authority, under the Act (1984:3) on Nuclear Activities, ensuring that Swedish nuclear activities are conducted in accordance with the obligations established in the international agreements to which Sweden is party that aim to prevent the proliferation of nuclear weapons. The SSM is also the national contact point for the International Atomic Energy Agency's database covering the illicit trafficking and other unauthorised handling of nuclear materials and other radioactive substances.

The SSM cooperates with other authorities on export control matters, in particular the ISP. The SSM is also supported by technical expertise from the Swedish Defence Research Agency, but does itself have a high level of expertise in the field of nuclear technology.

## **Control of nuclear exports**

Nuclear materials (uranium, plutonium and thorium) and nuclear technology products are classified as dual-use items, and are consequently regulated by the Dual-Use Regulation. Exports to countries outside the EU require licences, but the EU's general export licences do not apply to these items. For several products licences are also required for transfers within the EU.

When an application for a licence to export nuclear materials is submitted, the SSM assesses, in parallel, the issue of the possible transfer of the nuclear material in accordance with the Act (1984:3) on Nuclear Activity and Ordinance (1984:14) on Nuclear Activities. For spent nuclear fuel, the SSM also investigates the issue of the materials' final disposal. With regard to spent nuclear fuel originating from nuclear activities in Sweden, the application has to include an assurance that the exporter will recover the material if it cannot be disposed of in the intended manner. Furthermore, the SSM decides how nuclear material will be transported with the aim of preventing radiological accidents and to ensure that there is adequate physical protection.

The conditions imposed in decisions concerning export licences are based on the guidelines agreed within the Nuclear Suppliers Group (NSG) (see section 3.3). The guidelines include obtaining certain specified assurances from the government of the recipient country before a licence to export can be granted. These assurances shall state that the items are not intended for nuclear weapons or nuclear explosive devices, that the IAEA has full safeguarding rights in the country and that nuclear material in the country has adequate physical protection. In addition, there must be a guarantee that re-exportation will not take place without corresponding assurances. The SSM is tasked by the Government to collect these assurances from the government of the country in receipt of exports of

nuclear technology, as well as with drawing up and submitting Swedish assurances to exporting countries when Sweden imports such nuclear material. However, in the case of initial transactions, the Ministry for Foreign Affairs obtains the assurances for exports or provides assurances for imports.

All EU Member States are also, via the Euratom Treaty, members of the European Atomic Energy Community, the purpose of which is to, for example, establish a common market for special materials and equipment in the field of nuclear energy, and to guarantee that nuclear material is not used for anything other than its intended purpose. All EU Member States have also ratified the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and have entered into control agreements with the IAEA with associated additional protocols. The Government is of the opinion that the existing licensing procedure for trade within the EU, in accordance with the Dual-Use Regulation and the commitments of the Member States within the scope of Euratom, normally provides sufficient safeguards in the transfer of nuclear material and nuclear technologies between EU Member States and are in accordance with the NSG Guidelines.

The European Atomic Energy Community is authorised under the Euratom Treaty to enter into agreements with third countries. Bilateral agreements on the peaceful use of nuclear energy have been entered into with Australia, Canada, Japan, Kazakhstan, Ukraine, the United States, the United Kingdom and Uzbekistan. There is an equivalent agreement between Euratom and South Africa, but this had not yet entered into force in 2021.

All EU Member States have undertaken to report exports of nuclear material and nuclear technologies to the IAEA, under the Additional Protocol to the Safeguards Agreement with the IAEA, in the case of Sweden INFCIRC/193/Add.8. For Sweden, this means that the European Commission, through its safeguards under the Euratom Treaty, reports exports of nuclear material to the IAEA and that the SSM reports exports of nuclear technologies to the IAEA. In contrast to what applies to other dual-use items, this reporting requires the SSM to be notified of exports or transfers within the EU of nuclear technologies listed in Annex 1, Category 0 of the Dual-Use Regulation.

During 2021, the SSM dealt with 111 applications received concerning exports or transfers within the EU, and decided on export licences in 105 cases. Details of the export licences granted by the SSM in 2021 can be found in *Annex 2*, Table 14.

The SSM makes contact with the companies affected by its safeguarding activities where necessary. In its supervisory role, the SSM supervises companies to ensure that they are aware of and comply with the requirements made on them in the event of intra-EU transfers or extra-EU exports of dual-use items. Seven supervisions were carried out in 2021.

## 5 Statistical report

The Inspectorate of Strategic Products (ISP) provides the Government with the statistical material on which the reporting of Swedish exports of military equipment and dual-use items is based. The figures in the communication are based partly on the ISP's own figures and partly on the statutory reporting that licence holders submit annually to the ISP. The Swedish Radiation Safety Authority monitors the development of nuclear technology in Sweden and provides statistical data for the Government's reporting of exports of dual-use nuclear technologies.

### Changes in reporting

The final report Stricter export control of military equipment (SOU 2015:72) included certain proposals on improved openness and transparency on issues concerning exports of military equipment. The Government's assessment within the Government Bill Stricter export control of military equipment (Govt Bill 2017/18:23) is mainly in agreement with the committee's proposals. The Government notes in the Bill that the annual communication on strategic export controls and dual-use items presented by the Government to the Riksdag represents an important element in creating openness and transparency in the area of export controls. The Government also states in the Bill that it intends to revise the communication, in close cooperation with the ISP, with the aim of presenting more information.

Through the Government's communication Strategic Export Controls in 2018 – Military Equipment and Dual-Use Items (Comm. 2018/19:114), a thorough restructuring of the statistical reporting was carried out in order to present data in a clearer and more informative manner, based on the different stages of the export process in terms of both military equipment and dual-use items. Since then, further additions and improvements have been made. This year's communication further builds on the new structure, which allows for better comparisons of statistics over time.

The information added in recent years includes denial decisions, agreements on cooperation and licence production, and Swedish companies' ownership abroad. In particular, more detailed information is now included on granted export licences and actual exports of military equipment.

Swedish exports of military equipment in 2021 are presented in *Annex 1* and exports of dual-use items in *Annex 2*.

# Exports of military equipment

## Military equipment

What constitutes military equipment is set out in the annex to the Military Equipment Ordinance (1992:1303), known as the List of Military Equipment. This list corresponds to the EU Common Military List and is broken down into 20 different categories of equipment (ML1-ML20), software (ML21) and technical assistance (ML22). In addition to the 22 categories, the list contains three national supplements (nuclear explosive devices, fortification facilities and certain chemical warfare agents). Table 1 shows broadly which military equipment is included in each ML category.

The Swedish list of military equipment is supplemented by a division into military equipment for combat purposes (MEC) and other military equipment (OME). Military equipment for combat purposes means equipment with a destructive impact including sights for such equipment and fire control equipment. Certain parts and components for military equipment for combat purposes, as well as equipment that does not have a directly destructive impact, are categorised as other military equipment.

This communication mainly presents the equipment according to the ML categories of the List of Military Equipment and broken down into MEC and OME. Where a table states that export licences have been granted or that exports have been made within a particular ML category, this refers to one or more items in that category. It does not mean that export licences have been granted or that there have been exports of every one of the items in that category of equipment.

**Table 1** Categories of military equipment

| Category | Equipment  |
|----------|--|
| ML1      | Smooth-bore weapons with a calibre of less than 20 mm, other arms and automatic weapons with a calibre of 12.7 mm (calibre 0.50 inches) or less and accessories and specially designed components therefor.                      |
| ML2      | Smooth-bore weapons with a calibre of 20 mm or more, other weapons or armament with a calibre greater than 12.7 mm (calibre 0.50 inches), projectors and accessories and specially designed components for these weapons.        |
| ML3      | Ammunition and fuse setting devices and specially designed components therefor.  |
| ML4      | Bombs, torpedoes, rockets, missiles, other devices and charges with explosive effect and associated equipment and accessories and specially designed components therefor.  |
| ML5      | Fire control, and related alerting and warning equipment, and related systems, test and alignment and countermeasure equipment, specially designed for military use, and specially designed components and accessories therefor. |
| ML6      | Ground vehicles and components.  |



| Category | Equipment  |
|----------|--|
| ML7      | Chemical or biological toxic agents, "riot control agents", radioactive materials, related equipment, components and materials.  |
| ML8      | "Energetic materials" and related substances.  |
| ML9      | Vessels of war (surface or underwater), special naval equipment, accessories, components and other surface vessels.  |
| ML10     | "Aircraft", "lighter-than-air vehicles", "unmanned aerial vehicles" ("UAVs"), aero-engines and "aircraft" equipment, related equipment, and components specially designed or modified for military use.  |
| ML11     | Electronic equipment, "spacecraft" and components not specified elsewhere on the EU Common Military List.  |
| ML12     | High velocity kinetic energy weapon systems and related equipment, and components specially designed for these weapons.  |
| ML13     | Armoured or protective equipment, constructions and components.  |
| ML14     | "Specialised equipment for military training" or for simulating military scenarios, simulators specially designed for training in the use of any firearm or weapon specified by ML1 or ML2 and specially designed components and accessories for these.            |
| ML15     | Imaging or countermeasure equipment, specially designed for military use, and specially designed components and accessories therefor.  |
| ML16     | Forgings, castings and other unfinished products, the use of which in a specified product is identifiable by material composition, geometry or function, and which are specially designed for any products specified by ML1 to ML 4, ML6, ML9, ML10, ML12 or ML19. |
| ML17     | Miscellaneous equipment, materials and "libraries", and components specially designed therefor.  |
| ML18     | Production equipment and components.   |
| ML19     | Directed Energy Weapon (DEW) systems, related or countermeasure equipment and test models, and specially designed components therefor.   |
| ML20     | Cryogenic and "superconductive" equipment, and specially designed components and accessories for these.  |
| ML21     | "Software"   |
| ML22     | "Technology"   |

## Manufacturing and suppliance

A basic manufacturing licence is required for the manufacturing of military equipment in Sweden. Manufacturing means the production of military equipment or parts thereof which constitute military equipment. The licence requirement also applies if the manufacturer of the military equipment is solely the subcontractor of another party which holds a licence to manufacture military equipment.

Licences are required for the supply of military equipment, inventions concerning military equipment and methods for the production of military equipment in and outside of Sweden. The same applies to activities relating to the supply of technical assistance to a party abroad. Supply means sale, granting, offering for payment, loan, gift and brokering. The licence requirement applies to Swedish companies, a

party resident or permanently domiciled in Sweden and Swedish authorities. Trading in firearms or parts of such weapons is exempt from requirements for these licences. Licences for such trading are regulated by provisions of the Offensive Weapons Act (1996:67).

The companies, authorities and private individuals that hold licences to manufacture or supply military equipment are under the supervision of the Inspectorate of Strategic Products (ISP) and must, on request, provide the information and documents needed for supervisory control and grant the ISP access to premises where the activity is undertaken. Licence holders are also obliged to submit reports in various respects to the ISP.

## Swedish defence industry

In 2021, manufacturing or supplier licences were held by 331 Swedish companies, authorities and private individuals. The number of licence holders has increased by just under 80 per cent since the new legislation entered into force in 2018. The increase relates principally to subcontractors of system manufacturers of military equipment.

Among the licence holders, 69 exported military equipment or technical assistance, while 145 only supplied military equipment within the country. Of the 331 licence holders, 117 did not report any sales of military equipment. Table 2 shows the total value of sales of military equipment in and outside of Sweden over the past five years. The table shows that sales have increased every year since 2017, and that sales in 2021 increased by almost 16 per cent compared to the year before.

**Table 2 Total value of invoiced military equipment in and outside Sweden 2017–2021 (SEK million)**

| Type of case | 2017   | 2018   | 2019   | 2020   | 2021   |
|--------------|--------|--------|--------|--------|--------|
| Total value  | 21 304 | 23 315 | 30 408 | 30 531 | 35 346 |

Despite the large number of manufacturing and supplying companies, a handful of these account for the majority of sales. Table 3 shows the fifteen largest operators in terms of sales of military equipment in and outside Sweden. Note that from 2021 onwards, the value of Saab AB is reported at an aggregated level and not by business area as before.

**Table 3 The largest defence companies and government agencies in terms of invoiced military equipment in and outside Sweden in 2021 (SEK)**

| Company          | Value          | Principal area of equipment       |
|------------------|----------------|-----------------------------------|
| Saab AB          | 19 422 723 992 | Combat aircraft, radar, etc.      |
| Saab Dynamics AB | 3 559 127 780  | Missile and ground combat systems |
| Saab Kockums AB  | 2 292 782 181  | Surface and submarine craft       |

| <b>Company</b>                               | <b>Value</b>  | <b>Principal area of equipment</b>    |
|--|---------------|---------------------------------------|
| Swedish Defence Materiel Administration, FMV | 1 676 710 935 | Leasing of combat aircraft            |
| BAE Systems Hägglunds AB                     | 1 576 061 490 | Armoured vehicles                     |
| BAE Systems Bofors AB                        | 1 428 838 545 | Artillery systems                     |
| Nammo Sweden AB                              | 811 367 783   | Ammunition                            |
| EURENCO Bofors AB                            | 585 816 150   | Gunpowder and explosives              |
| Scania CV AB                                 | 537 154 816   | Military trucks                       |
| H-B Utveckling                               | 435 718 737   | Combat vehicles and artillery systems |
| Norma Precision AB                           | 372 387 814   | Hunting and sport shooting ammunition |
| GKN Aerospace Sweden AB                      | 340 285 279   | Maintenance of aero-engines           |
| PartnerTech Karlskoga AB                     | 241 910 754   | Weapon and ammunition components      |
| RZ ZamPart AB                                | 209 779 508   | Weapon and ammunition components      |
| Saab Barracuda AB                            | 171 964 199   | Camouflage products                   |

## Activities related to other countries

The licensing process for exporting military equipment is made up of several parts. This data presents marketing and preliminary decisions, tender notifications, export licences and actual exports. In addition, some other activities related to other countries, such as cooperation agreements and further transfer of military equipment, are reported.

## Data in the communication

The countries indicated in the statistics are in most cases the final recipient countries for the military equipment stated. The ISP seeks to, as far as possible, track the Swedish military equipment to the end-user country. Some components and sub-systems are acquired by foreign system manufacturers for use in the production of military equipment intended for several different final recipients. It is not possible in these cases to know in advance who the end-user is, and the control assessments are therefore focused on the system manufacturer and the country in which it operates. Examples of such products are explosives and armour plates.

Some caution should be exercised in reading off trends from the numerical material. Some statistical data from previous years is therefore presented for comparison. A more accurate picture is provided when looking at exports over the course of time, as individual sales and deliveries may cause wide fluctuations in the statistics. Similarly, the financial value stated does not provide a full picture of the common practice towards a particular country or region. An individual transaction may have a great impact on the aggregated export statistics.

## Marketing and preliminary decisions

Marketing of military equipment abroad or in Sweden requires a basic licence to manufacture or supply military equipment. A party holding such a licence is obliged to present a report on the marketing of military equipment or technical assistance that has been undertaken abroad. These reports form the bases for the regular meetings which the ISP holds with the defence companies regarding their export plans. The marketing meetings enable the ISP at an early stage in the export process to steer exporters away from markets for which licences at a later stage cannot be anticipated. This arrangement entails that most of the ISP's negative decisions are delivered informally at the marketing meetings, and that actual applications relating to undesirable recipient countries are reduced.

In the event that an exporter wishes to examine at an early stage whether an export of military equipment or supply of technical assistance is possible, the exporter can request a preliminary decision in writing from the ISP. This may relate, for example, to a previously unexamined recipient country or take place ahead of a major marketing campaign. There is no statutory requirement that a preliminary decision must be requested. The decisions are non-binding and are issued on the basis of the circumstances prevailing at the time. A renewed examination is always conducted at the time of any tender notification and when an application is made for an export licence, even if a positive preliminary decision has already been made.

Table 4 shows the number of preliminary decisions in writing concerning military equipment issued by the ISP over the past five years.

**Table 4**      **Number of written preliminary decisions made concerning military equipment in 2017–2021**

| Type of case          | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|------|------|------|------|------|
| Preliminary decisions | 30   | 30   | 36   | 25   | 18   |

In 2021, a total of 18 preliminary decisions were issued in relation to 15 countries. The number of positive preliminary decisions was 8. The number of negative preliminary decisions was 10.

## Tender notifications

No later than four weeks before a binding tender for sale of military equipment is submitted or a purchase contract is entered into, the ISP must be informed accordingly. In individual cases, the ISP may prohibit that tenders are submitted or contracts entered into. The requirement for tender notification constitutes a further control step in the export process and reduces the risk of the Swedish defence industry entering into contracts which, for example, would stand in conflict with Swedish foreign policy.

A tender notification does not need to be issued if the tender or contract exclusively relates to spare parts, components or technical assistance for equipment previously exported. It is possible to apply for a general exemption from the duty of notification for particular equipment to specifically stated countries. Most major exporting companies obtain general exemptions for tenders worth less than SEK 500 million to countries within the European Union and certain other established partner countries. A large proportion of the tender notifications received by the ISP therefore relate to countries outside the circle of established partner countries.

Table 5 shows the number of approved tender notifications and general exemptions over the most recent five-year period.

**Table 5**      **Number of received and approved tender notifications and general exemptions concerning military equipment 2017–2021**

| <b>Type of case</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Tender notification | 261         | 298         | 309         | 250         | 255         |
| General exemption   | 20          | 29          | 23          | 22          | 26          |
| <b>Total</b>        | <b>281</b>  | <b>327</b>  | <b>332</b>  | <b>272</b>  | <b>281</b>  |

The ISP was notified of a total of 255 tenders to a party abroad in 2021. Of these, 246 tender notifications were approved, relating to a total of 60 countries. Decisions to prohibit tenders from being submitted were made in nine cases and related to a total of nine different countries.

## **Export licences**

Exports of military equipment and supply of technical assistance to any party outside Sweden require licences from the ISP. Applications for export licences may be preceded by a preliminary decision, and must, when exporting for sale, be preceded by a tender or agreement notification. There are three types of export licences. Individual licences are issued for a specifically stated recipient in a specific country, while global licences make it possible to export an unlimited quantity of military equipment to more than one recipient in more than one country. General licences are not limited in quantity or value and make it possible to export to all EEA countries. With certain exceptions, an export licence is also required for the transit of military equipment through Sweden.

The communication presents individual and global licences which have been issued regarding the sale of military equipment. The value and scope of the licences issued by the ISP provide merely an indication of what actual exports may look like in subsequent years. This is due in part to not all licences being utilised and to the fact that actual deliveries may take place several years after the export licence has been issued. The aggregate value of granted export licences becomes an increasingly poor indicator of the value of the coming year's deliveries as more global licences are issued and more general licences are used.

Table 6 shows the number of applications for export licences processed by the ISP over the past five years. Note that information on the breakdown between individual and global licences is only available from 2018.

**Table 6** Number of processed applications for exports of military equipment 2017–2021

| Type of licence | 2017         | 2018       | 2019         | 2020         | 2021         |
|-----------------|--------------|------------|--------------|--------------|--------------|
| Individual      | 1 012        | 581        | 672          | 570          | 589          |
| Global          | -            | 300        | 381          | 458          | 449          |
| Transit         | 92           | 82         | 49           | 58           | 47           |
| <b>Total</b>    | <b>1 104</b> | <b>963</b> | <b>1 102</b> | <b>1 086</b> | <b>1 085</b> |

Table 7 shows the value and percentage change regarding granted export licences for military equipment over the past five years, broken down into MEC and OME.

**Table 7** The value of granted export licences in current prices and annual percentage change 2017–2021 (SEK million)

| Category of equipment                  | 2017                         | 2018                        | 2019                          | 2020                          | 2021                           |
|--|------------------------------|-----------------------------|-------------------------------|-------------------------------|--------------------------------|
| Military equipment for combat purposes | 4 122<br>(-91)               | 4 405<br>(+7)               | 7 047<br>(+60)                | 7 165<br>(+1.7)               | 3 735<br>(-48)                 |
| Other military equipment               | 4 016<br>(-71)               | 4 060<br>(+1)               | 6 459<br>(+59)                | 7 781<br>(+20)                | 10 925<br>(+40)                |
| <b>Total</b>                           | <b>8 138</b><br><b>(-87)</b> | <b>8 465</b><br><b>(+4)</b> | <b>13 505</b><br><b>(+60)</b> | <b>14 946</b><br><b>(+11)</b> | <b>14 660</b><br><b>(-1.9)</b> |

Table 8 shows the individual and global export licences issued in 2021 concerning sale of military equipment. The table contains information on the number of licences issued per country, as well as the value and, at an aggregated level, which categories of equipment the licences applied to. Note that some export licences cover several recipient countries, meaning the total number of licences does not always match the sum of individual licences.

**Table 8** Granted export licences for sale of military equipment by country in 2021

| Country   | Number of licences | Categories of military equipment | MEC/OME  | Value of licences |
|-----------|--------------------|----------------------------------|----------|-------------------|
| <b>EU</b> |                    |                                  |          |                   |
| Belgium   | 12                 | 1,3,8,11,13                      | MEC, OME | 20 384 054        |
| Bulgaria  | 4                  | 1,3,8,13                         | MEC, OME | 1 700 000         |
| Cyprus    | 1                  | 13                               | OME      | 0                 |

| Country               | Number of licences | Categories of military equipment          | MEC/OME  | Value of licences    |
|-----------------------|--------------------|---|----------|----------------------|
| Denmark               | 31                 | 1,3,5,6,8,10,11,13,<br>17,21,22           | MEC, OME | 66 285 774           |
| Estonia               | 11                 | 1,2,3,8,11,13,14,1<br>7,21,22             | MEC, OME | 95 080 179           |
| Finland               | 30                 | 1,2,3,4,5,6,8,10,11<br>,13,15,17,18,21,22 | MEC, OME | 42 626 759           |
| France                | 61                 | 1,2,3,5,6,8,11,13,1<br>4,15,17,21,22      | MEC, OME | 517 802 417          |
| Greece                | 4                  | 13,14,17                                  | OME      | 436 631              |
| Ireland               | 15                 | 1,2,3,4,6,11,13,17,<br>22                 | MEC, OME | 81 136 390           |
| Italy                 | 21                 | 2,3,5,6,8,9,13,17,2<br>1,22               | MEC, OME | 60 916 440           |
| Croatia               | 1                  | 13  | OME      | 0                    |
| Latvia                | 20                 | 1,2,3,4,13,14,17,1<br>8,21,22             | MEC, OME | 164 785 796          |
| Lithuania             | 7                  | 3,11,13,17,21,22                          | MEC, OME | 11 909 600           |
| Luxembourg            | 3                  | 3,13                                      | OME      | 0                    |
| Malta                 | 2                  | 11,13                                     | OME      | 132 000              |
| Netherlands           | 19                 | 1,2,3,4,5,6,10,11,1<br>3,14,17,21,22      | MEC, OME | 16 261 058           |
| Poland                | 12                 | 3,4,5,8,13,18,21,2<br>2                   | MEC, OME | 17 568 500           |
| Portugal              | 3                  | 1,3,13                                    | OME      | 0                    |
| Romania               | 5                  | 3,11,13                                   | OME      | 632 300              |
| Slovakia              | 7                  | 3,8,13,17,22                              | MEC, OME | 4 979 921            |
| Slovenia              | 4                  | 1,2                                       | OME      | 4 000 000            |
| Spain                 | 28                 | 3,6,8,11,21,22                            | MEC, OME | 17 704 904           |
| Sweden                | 6                  | 4,5,6,10,11,18,21,<br>22                  | MEC, OME | 8 503 500            |
| Czech Republic        | 11                 | 1,2,4,5,8,10,13,14,<br>15,17,21,22        | MEC, OME | 33 285 035           |
| Germany               | 72                 | 1,2,3,4,5,6,8,11,13<br>,14,17,18,21,22    | MEC, OME | 370 053 980          |
| Hungary               | 9                  | 3,4,5,10,13,14,15,<br>17,21,22            | MEC, OME | 6 028 466            |
| Austria               | 11                 | 1,3,10,13,15,17,22                        | MEC, OME | 26 124 257           |
| <b>Total</b>          | <b>367</b>         |   |          | <b>1 568 337 961</b> |
| <b>REST OF EUROPE</b> |                    |   |          |                      |
| Iceland               | 3                  | 10,13,17                                  | OME      | 1 700 000            |
| Liechtenstein         | 1                  | 13  | OME      | 0                    |

| Country        | Number of licences | Categories of military equipment    | MEC/OME  | Value of licences  |
|----------------|--------------------|-------------------------------------|----------|--------------------|
| Norway         | 43                 | 1,2,3,4,5,6,8,10,13,17,21,22        | MEC, OME | 135 593 123        |
| Switzerland    | 17                 | 3,4,5,6,8,10,13,14,15,17,18,21,22   | MEC, OME | 19 699 484         |
| United Kingdom | 35                 | 1,2,4,5,6,8,10,11,13,14,16,17,21,22 | MEC, OME | 218 965 127        |
| <b>Total</b>   | <b>94</b>          |                                     |          | <b>375 957 734</b> |

#### NORTH AMERICA

|               |           |                                   |          |                      |
|---------------|-----------|-----------------------------------|----------|----------------------|
| Canada        | 12        | 2,5,8,13,14,17,21,22              | MEC, OME | 27 140 033           |
| United States | 73        | 2,3,5,6,8,10,11,13,14,17,18,21,22 | MEC, OME | 2 491 590 996        |
| <b>Total</b>  | <b>84</b> |                                   |          | <b>2 518 731 029</b> |

#### CENTRAL AMERICA

|              |          |              |     |          |
|--------------|----------|--------------|-----|----------|
| Mexico       | 3        | 2,5,13,21,22 | OME | 0        |
| <b>Total</b> | <b>3</b> |              |     | <b>0</b> |

#### SOUTH AMERICA

|              |           |                                    |          |                   |
|--------------|-----------|------------------------------------|----------|-------------------|
| Argentina    | 1         | 13                                 | OME      | 0                 |
| Brazil       | 12        | 2,4,5,8,10,11,13,14,15,17,18,21,22 | MEC, OME | 54 669 000        |
| Chile        | 2         | 13,14,21,22                        | OME      | 642 590           |
| Peru         | 1         | 9,22                               | MEC, OME | 30 000 000        |
| Uruguay      | 1         | 13                                 | OME      | 0                 |
| <b>Total</b> | <b>14</b> |                                    |          | <b>85 311 590</b> |

#### NORTH EAST ASIA

|              |           |                 |          |                   |
|--------------|-----------|-----------------|----------|-------------------|
| Japan        | 23        | 3,4,13,14,17,22 | OME      | 26 060 702        |
| South Korea  | 9         | 5,8,13,14,21,22 | MEC, OME | 8 015 504         |
| <b>Total</b> | <b>31</b> |                 |          | <b>34 076 206</b> |

#### SOUTH EAST ASIA

|           |    |                        |          |            |
|-----------|----|------------------------|----------|------------|
| Brunei    | 2  | 2,3,22                 | OME      | 0          |
| Indonesia | 3  | 11,21                  | OME      | 302 500    |
| Malaysia  | 8  | 2,3,6,11,13,14,22      | MEC, OME | 10 942 003 |
| Singapore | 16 | 4,6,8,9,13,14,17,21,22 | MEC, OME | 15 055 750 |
| Thailand  | 3  | 4,5,10,14,15,17,22     | MEC, OME | 708 866    |



| Country              | Number of licences | Categories of military equipment     | MEC/OME  | Value of licences     |
|----------------------|--------------------|--------------------------------------|----------|-----------------------|
| <b>Total</b>         | <b>31</b>          |                                      |          | <b>27 009 119</b>     |
| <b>SOUTH ASIA</b>    |                    |                                      |          |                       |
| India                | 21                 | 2,3,4,5,13,14,18,2<br>1,22           | MEC, OME | 963 505 601           |
| Pakistan             | 3                  | 4,5,10,11,21,22                      | OME      | 0                     |
| <b>Total</b>         | <b>24</b>          |                                      |          | <b>963 505 601</b>    |
| <b>MIDDLE EAST</b>   |                    |                                      |          |                       |
| United Arab Emirates | 2                  | 2,4,5,10,11,15,16,<br>17,18,21,22    | OME      | 8 767 769 000         |
| Kuwait               | 2                  | 4,7,17,21,22                         | OME      | 101 250 000           |
| Oman                 | 1                  | 14,21                                | OME      | 442 000               |
| Qatar                | 4                  | 4,11,17,22                           | OME      | 10 216 550            |
| <b>Total</b>         | <b>9</b>           |                                      |          | <b>8 879 677 550</b>  |
| <b>AFRICA</b>        |                    |                                      |          |                       |
| Kenya                | 1                  | 14,21,22                             | OME      | 11 408 029            |
| South Africa         | 11                 | 4,5,8,10,13,14,21,<br>22             | MEC, OME | 11 667 240            |
| <b>Total</b>         | <b>12</b>          |                                      |          | <b>23 075 269</b>     |
| <b>OCEANIA</b>       |                    |                                      |          |                       |
| Australia            | 16                 | 2,3,5,10,11,13,14,<br>15,17,18,21,22 | MEC, OME | 181 156 782           |
| New Zealand          | 6                  | 3,11,13,14,17,22                     | MEC, OME | 3 000 598             |
| <b>Total</b>         | <b>21</b>          |                                      |          | <b>184 157 380</b>    |
| <b>TOTAL</b>         | <b>675</b>         |                                      |          | <b>14 659 839 439</b> |

## Follow-on deliveries and international military equipment cooperation

Follow-on deliveries to previously supplied military equipment occupy a special position in the Swedish export guidelines. According to the guidelines, licences should be granted for export of spare parts for military equipment which has previously been exported or transferred with a licence, unless there is an unconditional obstacle. The same should apply to special ammunition for previously supplied military equipment and other deliveries directly linked to previously supplied military equipment. Follow-on deliveries should be assessed on a case-by-case basis under these circumstances. The previous guidelines apply to follow-on deliveries to exports approved before 15 April 2018.

Both the Riksdag and the Government have established on repeated occasions that internal cooperation on the development and production of military equipment is crucial to the Swedish defence industry. The Government states in the Government Bill Stricter Export Controls for Military Equipment (Govt Bill 2017/18:23) that cooperation with the Nordic countries, the six nation group, countries in the EU and Australia, Brazil, Canada, Japan, Liechtenstein, New Zealand, South Africa, South Korea and the United States are of greatest interest. The Government Bill goes on to state that a balance must be struck in international partnerships in making an overall assessment of how the need for international cooperation is to be reconciled with the interests of effective export controls. It is noted that it is not self-evident that Sweden will always be able to count on sympathy for all aspects that are unique to its approach with regard to exports to third countries.

Historically there has been interest in those licences granted for exports to countries outside the traditional circle of cooperation. Table 9 presents more detailed information on licences granted to end-user countries outside the circle of countries identified above. It is first indicated whether the licences have related to follow-on deliveries or transactions not linked to previous exports, and then whether these licences have been granted under international collaboration with a country in the traditional partnership group, or whether the export has gone straight from Sweden to the final recipient. The column on the far right shows which categories of equipment have been approved for any new transactions. Note that an export licence may relate to both a follow-on delivery and international cooperation.

**Table 9 Detailed description of granted export licences for sale of military equipment to certain countries**

| <b>Country</b> | <b>Total number of licences granted</b> | <b>Of which follow-on deliveries</b> | <b>Of which international cooperation</b> | <b>Categories of equipment – new deals</b>     |
|----------------|---|--------------------------------------|---|--|
| Argentina      | 1                                       | 1                                    | 0   | -  |
| Brunei         | 2                                       | 2                                    | 0   | -  |
| Chile          | 2                                       | 1                                    | 0   | ML13/OME                                       |
| UAE            | 2                                       | 2                                    | 0   | -  |
| India          | 21                                      | 17                                   | 1   | ML3/MEC,<br>ML18/OME,<br>ML22/OME              |
| Indonesia      | 3                                       | 3                                    | 3   | -  |
| Kenya          | 1                                       | 0                                    | 0   | ML14/OME                                       |
| Kuwait         | 2                                       | 2                                    | 1   | -  |
| Malaysia       | 8                                       | 4                                    | 0   | ML6/OME,<br>ML11/OME,<br>ML13/OME,<br>ML14/OME |
| Mexico         | 3                                       | 3                                    | 0   | -  |

| Country      | Total number of licences granted | Of which follow-on deliveries | Of which international cooperation | Categories of equipment – new deals            |
|--------------|----------------------------------|-------------------------------|------------------------------------|--|
| Oman         | 1                                | 1                             | 0                                  | -  |
| Pakistan     | 3                                | 3                             | 0                                  | -  |
| Peru         | 1                                | 1                             | 0                                  | -  |
| Qatar        | 4                                | 4                             | 4                                  | -  |
| Singapore    | 16                               | 12                            | 1                                  | ML6/OME,<br>ML14/OME,<br>ML17/OME,<br>ML22/OME |
| Thailand     | 3                                | 3                             | 0                                  | -  |
| Uruguay      | 1                                | 0                             | 0                                  | ML13/OME                                       |
| <b>Total</b> | <b>74</b>                        | <b>59</b>                     | <b>10</b>                          |  |

### General export licences

The ISP decided in 2012 to introduce five different types of general licences. The licences make simplified transfers possible within the European Economic Area (EEA). Use of general licences does not require any application. The holder of a basic supplier licence instead has to inform the ISP no later than four weeks prior to the first day on which a general licence is used. General licences are not limited in quantity or value. In 2021, the ISP decided to replace three of the previous licences with a new one. Work on reviewing the general licences will continue in 2022.

Each category has an appendix describing the military equipment and technical assistance it covers. Table 10 shows the different types of general licences that were valid in 2021.

**Table 10** Types of general licences concerning export of military equipment

| TFS number | Scope  |
|------------|--|
| 2012:7     | The transfer of military equipment and the provision of technical assistance to armed forces or a contracting authority in a country within the European Economic Area (EEA)   |
| 2012:8     | The transfer of military equipment and the provision of technical assistance to a certified recipient in a country within the European Economic Area (EEA)                     |
| 2012:9     | The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) for demonstration, evaluation and exhibition |
| 2012:10    | The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) for maintenance or repair                    |

| TFS number | Scope   |
|------------|---|
| 2012:7     | The transfer of military equipment and the provision of technical assistance to armed forces or a contracting authority in a country within the European Economic Area (EEA)  |
| 2012:8     | The transfer of military equipment and the provision of technical assistance to a certified recipient in a country within the European Economic Area (EEA)  |
| 2012:9     | The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) for demonstration, evaluation and exhibition  |
| 2012:11    | The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) following maintenance, repair or demonstration  |
| 2021:2     | The export of military equipment and the provision of technical assistance to a specific recipient in a country within the European Economic Area (EEA) for demonstration, evaluation, exhibition, maintenance or repair, and after maintenance, repair or demonstration in Sweden. |

Table 11 shows the number of notifications of use of the different general licences during 2021.

**Table 11 Notification of use of general licences concerning export of military equipment in 2021**

|                         | TFS<br>2012:7 | TFS<br>2012:8 | TFS<br>2012:9 | TFS<br>2012:10 | TFS<br>2012:11 | TFS<br>2021:2 |
|-------------------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Number of notifications | 0             | 1             | 0             | 0              | 0              | 16            |

Table 12 shows a listing of all notifications of use of the various general licences since they were introduced in 2012.

**Table 12 Notification of use of general licences concerning export of military equipment since their introduction in 2012**

|                         | TFS<br>2012:7 | TFS<br>2012:8 | TFS<br>2012:9 | TFS<br>2012:10 | TFS<br>2012:11 | TFS<br>2021:2 |
|-------------------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Number of notifications | 17            | 9             | 29            | 14             | 16             | 16            |

## Denials

The Swedish export control system, with its mandatory reporting of marketing abroad and the opportunity for written preliminary decisions, leads to the majority of the ISP's negative decisions being delivered at an early stage and the number of actual applications regarding

undesirable recipient countries being reduced. However, a renewed examination is always conducted in connection with tender notifications and when an application is made for an export licence.

During 2021, the ISP decided on a total of 10 formal denials. These include both decisions to prohibit tenders being submitted and denials of applications for exports. In accordance with the provisions in the EU' Common Position, other Member States are notified of denials on an ongoing basis. Table 13 shows the number of denial decisions per country.

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**Table 13** Number of denial decisions per country in 2021

| Country       | Number of licences denied |
|---------------|---------------------------|
| Bangladesh    | 1                         |
| Egypt         | 1                         |
| Philippines   | 1                         |
| Guinea Bissau | 1                         |
| Kazakhstan    | 1                         |
| Pakistan      | 1                         |
| Qatar         | 1                         |
| Saudi Arabia  | 1                         |
| South Africa  | 1                         |
| Taiwan        | 1                         |
| Turkmenistan  | 1                         |
| <b>Total</b>  | <b>10</b>                 |

Table 14 shows the number of denial decisions per country divided by five-year periods since 2001.

**Table 14** Number of previous denial decisions per country by five-year period since 2001

| 2001–<br>2005 | Number | 2006–<br>2010 | Number | 2011–<br>2015 | Number | 2016–<br>2020 | Number |
|---------------|--------|---------------|--------|---------------|--------|---------------|--------|
| Iran          | 5      | Argentina     | 2      | Saudi Arabia  | 8      | Turkey        | 23     |
| Pakistan      | 4      | Libya         | 2      | UAE           | 7      | UAE           | 8      |
| Serbia        | 4      | Russia        | 2      | Egypt         | 6      | Saudi Arabia  | 8      |
| India         | 3      | Algeria       | 1      | Colombia      | 4      | Qatar         | 7      |
| Jordan        | 2      | Azerbaijan    | 1      | Pakistan      | 4      | Philippines   | 6      |
| China         | 2      | Bangladesh    | 1      | Vietnam       | 4      | Taiwan        | 5      |
| Croatia       | 2      | UAE           | 1      | Bahrain       | 3      | Bangladesh    | 4      |
| South Korea   | 2      | Israel        | 1      | India         | 3      | Jordan        | 4      |
| Turkey        | 2      | Jordan        | 1      | Israel        | 3      | Thailand      | 4      |

| 2001–<br>2005 | Number    | 2006–<br>2010 | Number    | 2011–<br>2015        | Number    | 2016–<br>2020             | Number    |
|---------------|-----------|---------------|-----------|----------------------|-----------|---------------------------|-----------|
| Ukraine       | 2         | Macedonia     | 1         | Tunisia              | 3         | Egypt                     | 3         |
| Bulgaria      | 1         | Mauritius     | 1         | Turkey               | 3         | Ukraine                   | 3         |
| Ecuador       | 1         | Serbia        | 1         | Indonesia            | 2         | India                     | 2         |
| Egypt         | 1         | Syria         | 1         | Kazakhstan           | 2         | Morocco                   | 2         |
| Ethiopia      | 1         | Ukraine       | 1         | China                | 2         | Pakistan                  | 2         |
| UAE           | 1         | <b>Total</b>  | <b>17</b> | Lebanon              | 2         | Serbia                    | 2         |
| Georgia       | 1         |               |           | Russia               | 2         | Armenia                   | 1         |
| Indonesia     | 1         |               |           | Serbia               | 2         | Bahrain                   | 1         |
| Israel        | 1         |               |           | Thailand             | 2         | Bosnia and<br>Herzegovina | 1         |
| Cuba          | 1         |               |           | Algeria              | 1         | Ecuador                   | 1         |
| Latvia        | 1         |               |           | Armenia              | 1         | Israel                    | 1         |
| Macedonia     | 1         |               |           | Azerbaijan           | 1         | China                     | 1         |
| Mexico        | 1         |               |           | Equatorial<br>Guinea | 1         | Kuwait                    | 1         |
| Montenegro    | 1         |               |           | Cote d'Ivoire        | 1         | Lebanon                   | 1         |
| Nepal         | 1         |               |           | Philippines          | 1         | Oman                      | 1         |
| Peru          | 1         |               |           | Gabon                | 1         | Senegal                   | 1         |
| Russia        | 1         |               |           | Iran                 | 1         | Sierra Leone              | 1         |
| Swaziland     | 1         |               |           | Kuwait               | 1         | Tunisia                   | 1         |
| Taiwan        | 1         |               |           | Macedonia            | 1         | Uzbekistan                | 1         |
| Vietnam       | 1         |               |           | Myanmar              | 1         | <b>Total</b>              | <b>96</b> |
| <b>Total</b>  | <b>47</b> |               |           | Namibia              | 1         |                           |           |
|               |           |               |           | Nepal                | 1         |                           |           |
|               |           |               |           | Oman                 | 1         |                           |           |
|               |           |               |           | Paraguay             | 1         |                           |           |
|               |           |               |           | Taiwan               | 1         |                           |           |
|               |           |               |           | Ukraine              | 1         |                           |           |
|               |           |               |           | <b>Total</b>         | <b>79</b> |                           |           |

### Actual exports

The actual exports presented in the communication concerns military equipment and technical assistance both supplied and invoiced during the current year. The data is based on the declarations which each holder of manufacturing or supplier licences is obliged to report to the ISP.

The actual exports are usually the part of the communication that attracts most interest in the Riksdag, among the general public and in the media. The communication therefore contains a number of tables with different interfaces concerning annual exports.

Table 15 shows the value of actual exports of military equipment by country in 2021. The table is broken down into MEC/OME and contains,

at an aggregated level, information about which categories of equipment the exports related to.

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**Table 15 Value of actual exports of military equipment by country in 2021 (SEK)**

| Country     | Categories of military equipment      | Value of MEC | Value of OME | Total       |
|-------------|---------------------------------------|--------------|--------------|-------------|
| <b>EU</b>   |                                       |              |              |             |
| Belgium     | 1,3,5,8,11,13,14                      | 4 814 198    | 37 555 155   | 42 369 353  |
| Bulgaria    | 1,3,8,13                              | 21 176       | 2 611 699    | 2 632 875   |
| Denmark     | 1,2,3,5,6,8,10,11,13,14,17, 22        | 23 613 882   | 137 258 545  | 160 872 427 |
| Estonia     | 1,2,3,5,6,11,14,15,17,18,22           | 107 081 263  | 141 467 491  | 248 548 754 |
| Finland     | 1,2,3,4,5,6,8,10,11,13,14,15,17,18,22 | 35 759 954   | 208 601 543  | 244 361 497 |
| France      | 1,3,4,5,6,8,10,11,13,14,17, 21,22     | 69 649 818   | 306 806 231  | 376 456 049 |
| Greece      | 8,14,17                               | 495 258      | 495 010      | 990 268     |
| Ireland     | 1,3,4,5,6,11,17,21                    | 615 465      | 50 579 485   | 51 194 950  |
| Italy       | 2,3,4,5,6,8,13,17                     | 40 374 806   | 28 191 192   | 68 565 998  |
| Croatia     | 3                                     | 6 944        | 527 117      | 534 061     |
| Latvia      | 1,2,3,4,5,13,14,17,18                 | 130 058 258  | 13 078 757   | 143 137 015 |
| Lithuania   | 2,3,11,14,17,22                       | 6 520 002    | 18 794 395   | 25 314 397  |
| Malta       | 11                                    | 0            | 53 947       | 53 947      |
| Netherlands | 1,2,3,5,6,10,11,13,14,17,21,22        | 10 887 895   | 434 594 412  | 445 482 307 |
| Poland      | 1,3,5,8,10,13,17,18,22                | 12 418 670   | 18 584 995   | 31 003 665  |
| Portugal    | 1,3                                   | 0            | 2 130 232    | 2 130 232   |
| Romania     | 3,11,13                               | 0            | 2 241 995    | 2 241 995   |
| Slovakia    | 3,8,17,22                             | 4 478 818    | 3 556 136    | 8 034 954   |
| Slovenia    | 1,2,3,13,14,17                        | 31 836 533   | 4 195 076    | 36 031 609  |
| Spain       | 3,6,8,11,13                           | 15 898 641   | 34 417 263   | 50 315 904  |

|                |   |                      |                      |                      |
|----------------|---|----------------------|----------------------|----------------------|
| Czech Republic | 1,3,4,5,8,10,<br>13,14,17,18,<br>21,22        | 197 568 212          | 490 707 161          | 688 275 373          |
| Germany        | 1,2,3,4,5,6,8<br>,10,11,13,14<br>,17,18,21,22 | 400 487 489          | 749 303 005          | 1 149 790 494        |
| Hungary        | 3,4,8,10,13,<br>14,17,22                      | 129 360 267          | 827 185 497          | 956 545 764          |
| Austria        | 1,2,3,4,6,10,<br>13,14,17,22                  | 77 947               | 48 511 452           | 48 589 399           |
| <b>Total</b>   |   | <b>1 222 025 496</b> | <b>3 561 447 791</b> | <b>4 783 473 287</b> |

#### REST OF EUROPE

|                |   |                    |                    |                    |
|----------------|---|--------------------|--------------------|--------------------|
| Andorra        | 3   | 0                  | 87 365             | 87 365             |
| Iceland        | 1,3,8,10,17                               | 27 639             | 937 016            | 964 655            |
| Norway         | 1,2,3,4,5,6,8<br>,10,11,13,14<br>,17,22   | 163 238 038        | 387 611 345        | 550 849 383        |
| Switzerland    | 1,3,4,5,6,8,<br>10,13,17                  | 4 326 505          | 174 103 126        | 178 429 631        |
| United Kingdom | 1,3,4,5,6,8,<br>11,13,14,16,<br>17, 21,22 | 65 065 104         | 164 888 593        | 229 953 697        |
| <b>Total</b>   |   | <b>232 657 286</b> | <b>727 627 445</b> | <b>960 284 731</b> |

#### NORTH AMERICA

|               |  |                      |                      |                      |
|---------------|--|----------------------|----------------------|----------------------|
| Canada        | 2,3,5,8,10,<br>13,14,17,21,<br>22            | 6 386 463            | 124 410 466          | 130 796 929          |
| United States | 2,3,4,5,6,8,<br>10,11,13,14,<br>17, 18,21,22 | 1 523 464 688        | 1 391 139 283        | 2 914 603 971        |
| <b>Total</b>  |  | <b>1 529 851 151</b> | <b>1 515 549 749</b> | <b>3 045 400 900</b> |

#### CENTRAL AMERICA

|              |      |          |                  |                  |
|--------------|------|----------|------------------|------------------|
| Mexico       | 5,13 | 0        | 6 807 586        | 6 807 586        |
| <b>Total</b> |      | <b>0</b> | <b>6 807 586</b> | <b>6 807 586</b> |

#### SOUTH AMERICA

|              |                         |                   |                      |                      |
|--------------|-------------------------|-------------------|----------------------|----------------------|
| Brazil       | 2,4,5,8,10,<br>17,21,22 | 49 230 426        | 2 128 867 060        | 2 178 097 486        |
| Chile        | 14                      | 0                 | 661 400              | 661 400              |
| Peru         | 1.9                     | 48 416 370        | 127 299              | 48 543 669           |
| Uruguay      | 3                       | 0                 | 223 418              | 223 418              |
| <b>Total</b> |                         | <b>97 646 796</b> | <b>2 129 879 177</b> | <b>2 227 525 973</b> |



**NORTH EAST ASIA**

|              |                       |                    |                    |                    |
|--------------|-----------------------|--------------------|--------------------|--------------------|
| Japan        | 2,3,4,8,13,<br>14,17  | 122 676 000        | 48 877 168         | 171 553 168        |
| South Korea  | 5,8,9,13,14,<br>21,22 | 16 571 248         | 159 060 613        | 175 631 861        |
| <b>Total</b> |                       | <b>139 247 248</b> | <b>207 937 781</b> | <b>347 185 029</b> |

**SOUTH EAST ASIA**

|              |                         |                   |                    |                    |
|--------------|-------------------------|-------------------|--------------------|--------------------|
| Brunei       | 2                       | 0                 | 83 840             | 83 840             |
| Philippines  | 5,22                    | 0                 | 1 050 729          | 1 050 729          |
| Indonesia    | 11,21                   | 0                 | 67 774             | 67 774             |
| Malaysia     | 6,11,14                 | 0                 | 5 153 320          | 5 153 320          |
| Singapore    | 4,5,6,9,13,<br>14,18,22 | 6 183 844         | 28 898 779         | 35 082 623         |
| Thailand     | 3,5,10,14,21            | 75 792 734        | 428 190 463        | 503 983 197        |
| <b>Total</b> |                         | <b>81 976 578</b> | <b>463 444 905</b> | <b>545 421 483</b> |

**SOUTH ASIA**

|              |                           |                |                   |                   |
|--------------|---------------------------|----------------|-------------------|-------------------|
| India        | 2,3,4,5,9,14,<br>17,18,22 | 290 400        | 13 761 867        | 14 052 267        |
| Pakistan     | 4,5,10,11,21,<br>,22      | 0              | 20 586 491        | 20 586 491        |
| <b>Total</b> |                           | <b>290 400</b> | <b>34 348 358</b> | <b>34 638 758</b> |

**MIDDLE EAST**

|                         |             |          |                      |                      |
|-------------------------|-------------|----------|----------------------|----------------------|
| Bahrain                 | 15          | 0        | 1 615 000            | 1 615 000            |
| United Arab<br>Emirates | 2,3,5,10,22 | 0        | 7 457 839 630        | 7 457 839 630        |
| Kuwait                  | 4,22        | 0        | 6 258 485            | 6 258 485            |
| Oman                    | 5,14        | 0        | 4 505 373            | 4 505 373            |
| Qatar                   | 4,11,17,22  | 0        | 49 997 124           | 49 997 124           |
| Saudi Arabia            | 5           | 0        | 1 163 512            | 1 163 512            |
| <b>Total</b>            |             | <b>0</b> | <b>7 521 379 124</b> | <b>7 521 379 124</b> |

**NORTH AFRICA**

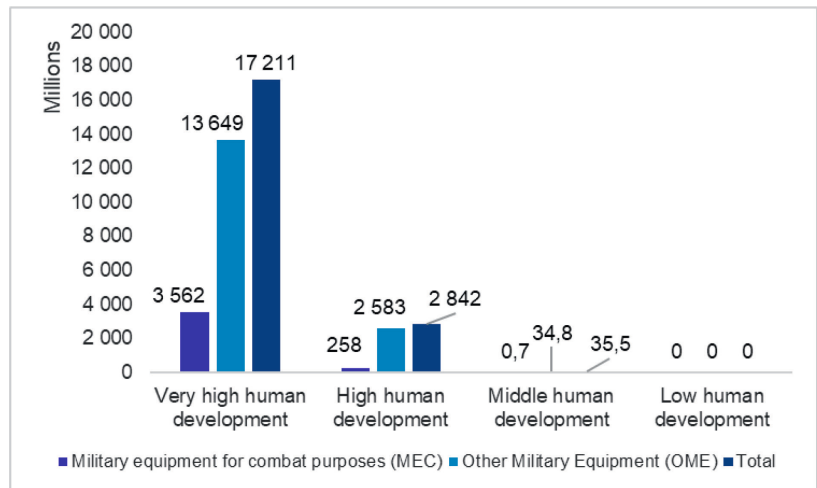
|              |      |                   |                  |                   |
|--------------|------|-------------------|------------------|-------------------|
| Algeria      | 18   | 0                 | 382 856          | 382 856           |
| Tunisia      | 3,14 | 76 387 500        | 1 499 480        | 77 886 980        |
| <b>Total</b> |      | <b>76 387 500</b> | <b>1 882 336</b> | <b>78 269 836</b> |

**REST OF AFRICA**

|              |                                    |           |            |            |
|--------------|------------------------------------|-----------|------------|------------|
| Namibia      | 1.8                                | 415 525   | 182 966    | 598 491    |
| South Africa | 1,2,3,4,5,8,<br>10,11,13,14,<br>21 | 8 632 651 | 16 333 650 | 24 966 301 |

|                |  |                      |                       |                       |
|----------------|--|----------------------|-----------------------|-----------------------|
| Zambia         | 3  | 0                    | 258 128               | 258 128               |
| <b>Total</b>   |  | <b>9 048 176</b>     | <b>16 774 744</b>     | <b>25 822 920</b>     |
| <b>OCEANIA</b> |  |                      |                       |                       |
| Australia      | 2,3,4,5,8,10,<br>11,13,14,15,<br>17,18,21,22 | 430 958 493          | 75 440 248            | 506 398 741           |
| New Zealand    | 2,3,14,17                                    | 1 263 600            | 4 671 239             | 5 934 839             |
| <b>Total</b>   |  | <b>432 222 093</b>   | <b>80 111 487</b>     | <b>512 333 580</b>    |
| <b>TOTAL</b>   |  | <b>3 821 352 724</b> | <b>16 267 190 483</b> | <b>20 088 543 207</b> |

**Figure 1 Actual exports of military equipment broken down by country according to the Human Development Index\* (SEK million)**



\*A full list of the breakdown of countries according to the Human Development Index (HDI) can be found in the Human Development Report 2021 (see Annex 6 for reference). The countries Sweden exports military equipment to or has granted export licences to in 2021 are grouped as follows: Countries with very high human development: Andorra, Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Chile, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Monaco, Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Republic of Korea, Romania, Saudi Arabia, Singapore, Slovakia, Slovenia, Spain, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, the United States, Uruguay. Countries with high human development: Algeria, Brazil, Mexico, Philippines, Indonesia, Peru, South Africa, Thailand, Tunisia. Countries with average human development: India, Namibia, Pakistan, Zambia. Countries with low human development: -

Military equipment was exported to a total of 59 countries in 2021. Table 16 shows exports in 2021 by region. The regional breakdown follows the breakdown in the EU’s annual statistical report to which the ISP contributes statistical material.

**Table 16** Share of actual exports of military equipment in 2021 by region

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| <b>Region</b>                     | <b>Percentage share</b> |
|-----------------------------------|-------------------------|
| Middle East                       | 37.4%                   |
| EU                                | 23.8%                   |
| North America                     | 15.2%                   |
| South America                     | 11.1%                   |
| Rest of Europe                    | 4.8%                    |
| South East Asia                   | 2.7%                    |
| Oceania                           | 2.6%                    |
| North East Asia                   | 1.7%                    |
| North Africa                      | 0.4%                    |
| South Asia                        | 0.2%                    |
| Rest of Africa                    | 0.1%                    |
| Central America and the Caribbean | < 0.1%                  |

Table 17 shows actual exports in 2021 by ML category, broken down into MEC and OME. It should be noted that ML11, ML13–18 and ML20–22 contain only OME.

**Table 17** The value of actual exports of military equipment in 2021 by category of equipment (SEK)

| <b>Category of equipment</b> | <b>Value of MEC</b> | <b>Value of OME</b> |
|------------------------------|---------------------|---------------------|
| ML1                          | 361 514             | 23 959 433          |
| ML2                          | 900 059 198         | 124 997 600         |
| ML3                          | 1 666 118 932       | 1 030 536 690       |
| ML4                          | 456 823 384         | 448 064 757         |
| ML5                          | 368 626 626         | 509 522 106         |
| ML6                          | 29 669              | 1 272 866 377       |
| ML7                          | 0                   | 0                   |
| ML8                          | 379 134 850         | 368 229             |
| ML9                          | 50 198 551          | 76 207 834          |
| ML10                         | 0                   | 9 851 412 400       |
| ML11                         | -                   | 64 439 437          |
| ML12                         | 0                   | 0                   |
| ML13                         | -                   | 103 593 243         |
| ML14                         | -                   | 82 920 275          |
| ML15                         | -                   | 9 651 976           |
| ML16                         | -                   | 52 350              |
| ML17                         | -                   | 108 337 336         |

| Category of equipment | Value of MEC | Value of OME  |
|-----------------------|--------------|---------------|
| ML18                  | -            | 25 193 717    |
| ML19                  | 0            | 0             |
| ML20                  | -            | 0             |
| ML21                  | -            | 125 652 235   |
| ML22                  | -            | 2 409 459 499 |

Table 18 shows actual exports of small arms, light weapons and man-portable air defence systems (MANPADS). The data is included in the report presented by Sweden annually to the UN.

**Table 18 Actual exports in 2021 of small arms, light weapons and MANPADS as defined in the UN Register of Conventional Arms**

| <b>Small arms</b>                                      |  |
|--|--|
| 1. Revolvers and self-loading pistols                  | No exports   |
| 2. Rifles and carbines                                 | No exports   |
| 3. Sub-machine guns                                    | No exports   |
| 4. Assault rifles                                      | No exports   |
| 5. Light machine guns                                  | No exports   |
| 6. Other   | Small-calibre ammunition for military use or components for such ammunition were exported to Austria, Finland, France, Hungary, India, Ireland, Italy, Japan, Lithuania, Netherlands, Norway, Poland, Spain, the United Kingdom and the United States. |
| <b>Light weapons</b>                                   |  |
| 1. Heavy machine guns (12.7 mm)                        | No exports   |
| 2. Hand-held underbarrel and mounted grenade launchers | No exports   |
| 3. Portable anti-tank guns                             | No exports   |
| 4. Recoilless rifles (rocket-propelled grenades)       | Rocket-propelled grenades were exported to Australia, Estonia, Lithuania, Slovenia, South Africa and the USA.  |

|  |  |
|--|--|
|  | Spare parts, training equipment, components and ammunition for rocket-propelled grenades were exported to Australia, Austria, Brazil, Canada, the Czech Republic, Denmark, Estonia, Hungary, Japan, Latvia, Lithuania, New Zealand, Slovenia, South Africa, Thailand, Tunisia and the United States. |
| 5. Portable anti-tank missile launchers and rocket systems | Anti-tank missile launchers were exported to Latvia, Switzerland and the United States.  |
|  | Spare parts, training weapons and components for anti-tank systems were exported to Austria, Brazil, Lithuania, Norway, Switzerland and the United States.   |
| 6. Mortars of calibres less than 75 mm                     | No exports   |
| 7. Other   | No exports   |

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**MANPADS (Man-Portable Air Defence Systems)**

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Missiles, spare parts, training equipment etc. for MANPADS were exported to Australia, Brazil, the Czech Republic, Finland, Ireland, Lithuania and Singapore.

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## Actual exports over time

The export statistics should be shown over time to make it easier to identify trends and tendencies in the area of military equipment. Individual sales and deliveries of major military equipment systems may cause significant fluctuations in the statistics.

Table 19 shows the value and percentage change compared with the previous year regarding actual exports in the past five years broken down into MEC/OME.

**Table 19 The value of actual exports of military equipment in current prices and annual percentage change 2017–2021 (SEK million)**

| Category of equipment                  | 2017           | 2018           | 2019             | 2020             | 2021            |
|--|----------------|----------------|------------------|------------------|-----------------|
| Military equipment for combat purposes | 6 697<br>(+52) | 4 995<br>(-25) | 2 984<br>(-40)   | 3 459<br>(+16)   | 3 821<br>(+10)  |
| Other military equipment               | 4 554<br>(-30) | 6 375<br>(+40) | 13 290<br>(+108) | 12 870<br>(-3)   | 16 267<br>(+26) |
| Total                                  | 11 251<br>(+2) | 11 370<br>(+1) | 16 274<br>(+43)  | 16 328<br>(+0.3) | 20 089<br>(+23) |

Table 20 shows the exports of military equipment as share of Sweden’s total exports of goods over the past five years. Alongside this communication, Swedish exports of military equipment are reported in the general statistics on foreign trade, which are based on the data submitted to Statistics Sweden by Swedish Customs. Statistics Sweden uses different product categories than the ISP in its reporting and the figures are thus not directly comparable with the ISP’s statistics.

**Table 20 Exports of military equipment as share of Sweden’s total exports of goods at current prices 2017–2021 (SEK million)**

| Type of export             | 2017      | 2018      | 2019      | 2020      | 2021      |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Military equipment exports | 11 251    | 11 370    | 16 274    | 16 328    | 20 089    |
| Total exports of goods     | 1 304 800 | 1 441 600 | 1 518 400 | 1 427 100 | 1 627 900 |
| Share (percentage)         | 0.86%     | 0.79%     | 1.07%     | 1.14%     | 1.23%     |

Figure 2 shows the growth in value over a prolonged period. Note that the definition of what constitutes military equipment was expanded in 1993 and 2012.

**Figure 2 Growth in value for actual exports of military equipment in current prices 1972–2021 (SEK million)**

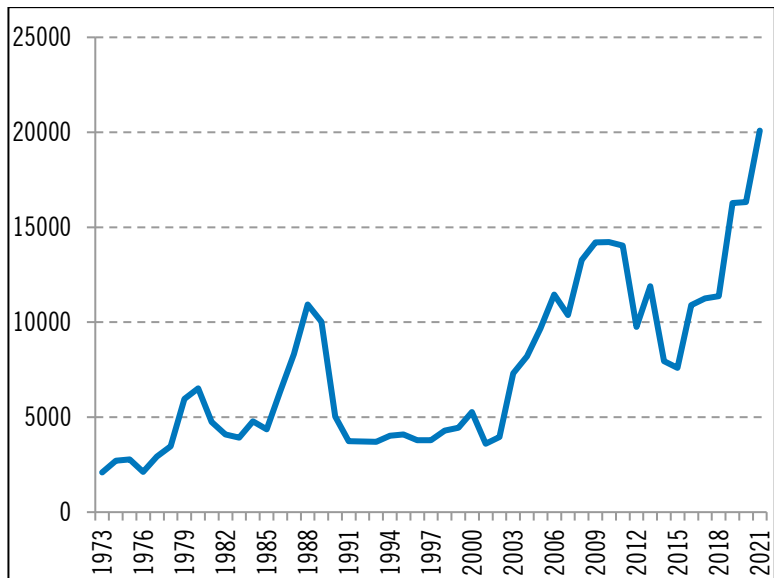


Table 21 shows the value of exports by country over the past three years.

**Table 21 The value of actual exports of military equipment by country 2019–2021 (SEK million)**

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| <b>Country</b>        | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  |
|-----------------------|--------------|--------------|--------------|
| <b>EU</b>             |              |              |              |
| Belgium               | 35           | 18           | 42           |
| Bulgaria              | 10           | 1.8          | 2.6          |
| Cyprus                | 0.2          | -            | -            |
| Denmark               | 161          | 182          | 161          |
| Estonia               | 316          | 112          | 249          |
| Finland               | 455          | 342          | 244          |
| France                | 277          | 295          | 376          |
| Greece                | -            | 5.7          | 1.0          |
| Ireland               | 1.7          | 67           | 51           |
| Italy                 | 69           | 74           | 69           |
| Croatia               | 0.7          | 0.4          | 0.5          |
| Latvia                | 17           | 215          | 143          |
| Lithuania             | 45           | 109          | 25           |
| Luxembourg            | 0.6          | -            | -            |
| Malta                 | 0.0          | 0.05         | 0.05         |
| Netherlands           | 534          | 648          | 445          |
| Poland                | 29           | 36           | 31           |
| Portugal              | 3.1          | 8            | 2.1          |
| Romania               | 11           | 14           | 2.2          |
| Slovakia              | 4.3          | 3.1          | 8            |
| Slovenia              | 11           | 0.7          | 36           |
| Spain                 | 56           | 33           | 50           |
| Czech Republic        | 537          | 650          | 688          |
| Germany               | 529          | 654          | 1 150        |
| Hungary               | 881          | 856          | 957          |
| Austria               | 275          | 122          | 49           |
| <b>Total</b>          | <b>4 259</b> | <b>4 447</b> | <b>4 783</b> |
| <b>REST OF EUROPE</b> |              |              |              |
| Andorra               | 0.3          | 0.2          | 0.08         |
| Iceland               | 1.5          | 0.8          | 1.0          |
| Monaco                | -            | 0.02         | -            |
| Norway                | 601          | 461          | 551          |
| Switzerland           | 206          | 348          | 178          |
| United Kingdom        | 436          | 419          | 230          |
| Turkey                | 42           | -            | -            |

| Country                | 2019         | 2020         | 2021         |
|------------------------|--------------|--------------|--------------|
| <b>Total</b>           | <b>1 287</b> | <b>1 228</b> | <b>960</b>   |
| <b>NORTH AMERICA</b>   |              |              |              |
| Canada                 | 227          | 88           | 131          |
| United States          | 1 714        | 2 447        | 2 915        |
| <b>Total</b>           | <b>1 941</b> | <b>2 535</b> | <b>3 045</b> |
| <b>CENTRAL AMERICA</b> |              |              |              |
| Mexico                 | 22           | 13           | 6.8          |
| <b>Total</b>           | <b>22</b>    | <b>13</b>    | <b>6.8</b>   |
| <b>SOUTH AMERICA</b>   |              |              |              |
| Argentina              | 5.4          | 0.02         |              |
| Brazil                 | 3 002        | 1 940        | 2 178        |
| Chile                  | -            | 0.5          | 0.7          |
| Peru                   | -            | 8.1          | 49           |
| Uruguay                | -            | 0.1          | 0.2          |
| <b>Total</b>           | <b>3 007</b> | <b>1 949</b> | <b>2 228</b> |
| <b>NORTH EAST ASIA</b> |              |              |              |
| Japan                  | 312          | 115          | 172          |
| South Korea            | 499          | 248          | 176          |
| <b>Total</b>           | <b>811</b>   | <b>362</b>   | <b>347</b>   |
| <b>SOUTH EAST ASIA</b> |              |              |              |
| Brunei                 | -            | -            | 0.08         |
| Philippines            | 129          | 6            | 1.1          |
| Indonesia              | 0.5          | -            | 0.07         |
| Malaysia               | 0.7          | 24           | 5.2          |
| Singapore              | 277          | 273          | 35           |
| Thailand               | 402          | 335          | 504          |
| <b>Total</b>           | <b>808</b>   | <b>638</b>   | <b>545</b>   |
| <b>SOUTH ASIA</b>      |              |              |              |
| India                  | 893          | 558          | 14           |
| Pakistan               | 1 354        | 925          | 21           |
| <b>Total</b>           | <b>2 246</b> | <b>1 483</b> | <b>35</b>    |



| Country                            | 2019          | 2020          | 2021          |
|------------------------------------|---------------|---------------|---------------|
| <b>MIDDLE EAST</b>                 |               |               |               |
| Bahrain                            | 0.2           | -             | 1.6           |
| UAE                                | 1 364         | 3 260         | 7 458         |
| Jordan                             | 7.4           | -             | -             |
| Kuwait                             | 29            | 20            | 6.3           |
| Oman                               | 1.4           | 0.9           | 4.5           |
| Qatar                              | 5.0           | 25            | 50            |
| Saudi Arabia                       | 129           | 48            | 1,2           |
| <b>Total</b>                       | <b>1 535</b>  | <b>3 353</b>  | <b>7 521</b>  |
| <b>NORTH AFRICA</b>                |               |               |               |
| Algeria                            | 1.4           | -             | 0.4           |
| Tunisia                            | -             | -             | 78            |
| <b>Total</b>                       | <b>1.4</b>    | <b>-</b>      | <b>78</b>     |
| <b>REST OF AFRICA</b>              |               |               |               |
| Mauritius                          | -             | 0.05          | -             |
| Namibia                            | 1.7           | -             | 0.6           |
| Nigeria                            | -             | 0.1           | -             |
| South Africa                       | 112           | 84            | 25            |
| Zambia                             | 0.5           | -             | 0.3           |
| <b>Total</b>                       | <b>114</b>    | <b>84</b>     | <b>26</b>     |
| <b>OCEANIA</b>                     |               |               |               |
| Australia                          | 236           | 223           | 506           |
| New Zealand                        | 4.9           | 11            | 5.9           |
| <b>Total</b>                       | <b>241</b>    | <b>234</b>    | <b>512</b>    |
| <b>INTERNATIONAL ORGANISATIONS</b> |               |               |               |
| EU                                 | 0.9           | 1.9           | -             |
| <b>Total</b>                       | <b>0.9</b>    | <b>1.9</b>    | <b>-</b>      |
| <b>TOTAL</b>                       | <b>16 274</b> | <b>16 328</b> | <b>20 088</b> |

Table 22 shows the value of Swedish exports of military equipment to the top 30 countries in terms of receipts of such equipment since 1993.

**Table 22 Value of actual exports of military equipment to the 30 largest recipient countries in current prices 1993–2021 (SEK million)**

| Place | Country              | Total  |
|-------|----------------------|--------|
| 1.    | United States        | 24 115 |
| 2.    | Brazil               | 18 220 |
| 3.    | Norway               | 17 700 |
| 4.    | United Arab Emirates | 14 845 |
| 5.    | Netherlands          | 13 538 |
| 6.    | South Africa         | 12 953 |
| 7.    | India                | 12 518 |
| 8.    | Germany              | 12 367 |
| 9.    | Pakistan             | 11 138 |
| 10.   | Thailand             | 10 911 |
| 11.   | Czech Republic*      | 10 643 |
| 12.   | United Kingdom       | 10 338 |
| 13.   | Hungary*             | 10 192 |
| 14.   | Finland              | 9 819  |
| 15.   | France               | 9 557  |
| 16.   | Singapore            | 8 917  |
| 17.   | Denmark              | 7 376  |
| 18.   | Switzerland          | 7 308  |
| 19.   | Australia            | 6 053  |
| 20.   | Saudi Arabia         | 5 505  |
| 21.   | Canada               | 4 988  |
| 22.   | South Korea          | 3 307  |
| 23.   | Austria              | 3 121  |
| 24.   | Greece               | 2 727  |
| 25.   | Italy                | 2 567  |
| 26.   | Japan                | 1 976  |
| 27.   | Mexico               | 1 585  |
| 28.   | Estonia              | 1 369  |
| 29.   | Malaysia             | 1 161  |
| 30.   | Spain                | 1 005  |

\* Including lease payments

Table 23 shows the 30 largest recipient countries of Swedish military equipment, divided up by five-year period since 2000.

**Table 23 a Value of actual exports of military equipment to the 30 largest recipient countries, divided up by five-year period 2000–2009 (SEK million)**

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| Place | 2000–2004      | Value | 2005–2009       | Value |
|-------|----------------|-------|-----------------|-------|
| 1.    | Switzerland    | 3 725 | South Africa    | 8 051 |
| 2.    | United States  | 2 687 | Netherlands     | 7 037 |
| 3.    | Norway         | 2 065 | Pakistan        | 4 161 |
| 4.    | France         | 1 636 | United States   | 4 016 |
| 5.    | Singapore      | 1 496 | Czech Republic* | 3 443 |
| 6.    | South Africa   | 1 468 | Denmark         | 3 283 |
| 7.    | Finland        | 1 458 | Finland         | 3 183 |
| 8.    | Germany        | 1 426 | Germany         | 2 854 |
| 9.    | United Kingdom | 1 188 | France          | 2 749 |
| 10.   | Hungary*       | 1 050 | Hungary*        | 2 431 |
| 11.   | India          | 962   | Singapore       | 2 342 |
| 12.   | Mexico         | 959   | India           | 2 296 |
| 13.   | Denmark        | 595   | Greece          | 2 259 |
| 14.   | Brazil         | 527   | United Kingdom  | 2 127 |
| 15.   | Australia      | 508   | Switzerland     | 1 584 |
| 16.   | Austria        | 465   | Norway          | 1 389 |
| 17.   | Venezuela      | 436   | Australia       | 1 363 |
| 18.   | Greece         | 378   | Italy           | 1 009 |
| 19.   | Malaysia       | 357   | Canada          | 709   |
| 20.   | Thailand       | 309   | South Korea     | 610   |
| 21.   | Canada         | 205   | Spain           | 407   |
| 22.   | UAE            | 184   | Japan           | 290   |
| 23.   | Italy          | 176   | Malaysia        | 195   |
| 24.   | Netherlands    | 168   | UAE             | 182   |
| 25.   | Japan          | 160   | Thailand        | 140   |
| 26.   | Spain          | 159   | Austria         | 128   |
| 27.   | Ireland        | 144   | Poland          | 112   |
| 28.   | Poland         | 141   | Ireland         | 100   |
| 29.   | Belgium        | 126   | Mexico          | 91    |
| 30.   | Pakistan       | 63    | Saudi Arabia    | 89    |

**Table 23 b Value of actual exports of military equipment to the 30 largest recipient countries, divided up by five-year period 2000–2009 (SEK million)**

| Place | 2010–2014       | Value | 2015–2019       | Value  |
|-------|-----------------|-------|-----------------|--------|
| 1.    | Thailand        | 7 967 | Brazil          | 12 308 |
| 2.    | Saudi Arabia    | 5 125 | Norway          | 6 431  |
| 3.    | United States   | 4 881 | United States   | 4 469  |
| 4.    | India           | 4 361 | India           | 3 774  |
| 5.    | United Kingdom  | 3 741 | Hungary*        | 2 896  |
| 6.    | Netherlands     | 3 195 | Pakistan        | 2 722  |
| 7.    | Norway          | 3 022 | Czech Republic* | 2 688  |
| 8.    | Czech Republic* | 2 915 | Germany         | 2 529  |
| 9.    | Pakistan        | 2 832 | Netherlands     | 1 913  |
| 10.   | France          | 2 481 | UAE             | 1 771  |
| 11.   | South Africa    | 2 318 | United Kingdom  | 1 629  |
| 12.   | Canada          | 2 050 | Finland         | 1 589  |
| 13.   | Germany         | 2 016 | France          | 1 526  |
| 14.   | Hungary*        | 2 001 | South Korea     | 1 476  |
| 15.   | UAE             | 1 943 | Thailand        | 1 198  |
| 16.   | Finland         | 1 846 | Canada          | 1 171  |
| 17.   | Australia       | 1 639 | South Africa    | 1 008  |
| 18.   | Singapore       | 1 555 | Singapore       | 933    |
| 19.   | Denmark         | 1 256 | Denmark         | 874    |
| 20.   | South Korea     | 761   | Austria         | 760    |
| 21.   | Algeria         | 738   | Australia       | 696    |
| 22.   | Italy           | 614   | Estonia         | 646    |
| 23.   | Japan           | 271   | Switzerland     | 576    |
| 24.   | Estonia         | 266   | Italy           | 536    |
| 25.   | Brazil          | 253   | Turkey          | 535    |
| 26.   | Switzerland     | 239   | Japan           | 488    |
| 27.   | Brunei          | 221   | Poland          | 422    |
| 28.   | Austria         | 166   | Mexico          | 321    |
| 29.   | Poland          | 141   | Saudi Arabia    | 236    |
| 30.   | Spain           | 130   | Latvia          | 219    |

## Other activity abroad

Alongside exports, there are certain requirements for licences and reporting for further activity abroad.

## Agreements concerning manufacturing rights and cooperation

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Entering into agreements involving the granting or transfer of manufacturing rights to parties outside Sweden requires a licence under the Military Equipment Act. In accordance with the same Act, a licence is required to enter into cooperation agreements with parties outside the country to jointly with said parties, or on their behalf, provide technical assistance to parties abroad, develop military equipment or methods for the manufacture of such material or to jointly manufacture military equipment.

In 2021, the ISP approved 21 licences for Swedish companies to enter into agreements involving the granting or transfer of manufacturing rights to parties outside Sweden and 37 licences to enter into cooperation agreements with a party outside the country. Table 24 shows the number of licences granted per country to enter into licence agreements and partnership agreements. It should be noted that certain agreements relate to both manufacturing rights and cooperation, and that a single agreement may relate to more than one country. It should also be noted that agreements within the framework of the European Defence Fund (EDF) and other forms of EU cooperation are reported separately, as these often involve a large number of participating countries.

**Table 24** Number of licences granted to enter into agreements on licence production and cooperation broken down by country in 2021

| Country               | Licence agreements | Cooperation agreements |
|-----------------------|--------------------|------------------------|
| Australia             | -                  | 4                      |
| Canada                | -                  | 1                      |
| Czech Republic        | 12                 | 1                      |
| Denmark               | 2                  | -                      |
| EU cooperation: EDF   | -                  | 6                      |
| EU cooperation: other | -                  | 3                      |
| Finland               | -                  | 1                      |
| France                | -                  | 1                      |
| Germany               | 1                  | 1                      |
| India                 | 1                  | -                      |
| Indonesia             | -                  | 1                      |
| Italy                 | -                  | 1                      |
| Netherlands           | -                  | 6                      |
| Norway                | 1                  | 6                      |
| Peru                  | 1                  | -                      |

| Country        | Licence agreements | Cooperation agreements |
|----------------|--------------------|------------------------|
| Poland         | -                  | 1                      |
| Saudi Arabia   | -                  | 1                      |
| Singapore      | -                  | 1                      |
| South Korea    | -                  | 1                      |
| Switzerland    | 3                  | -                      |
| United Kingdom | -                  | 3                      |
| United States  | -                  | 4                      |
| <b>Total</b>   | <b>21</b>          | <b>43</b>              |

A party that has obtained a licence to enter into agreements is obliged to submit details to the ISP annually on the validity of these agreements. In 2021, 15 companies and one government agency reported a total of 63 licence production agreements. At the same time, 16 companies and three government agencies reported 157 cooperation agreements.

Table 25 shows all currently valid licence agreements and cooperation agreements broken down by country. Note that certain agreements relate to both manufacturing rights and cooperation, and that a single agreement may relate to more than one country.

**Table 25** Number of reported licence production and cooperation agreements broken down by country

| Country               | Licence agreements | Cooperation agreements |
|-----------------------|--------------------|------------------------|
| Australia             | 1                  | 6                      |
| Austria               | -                  | 2                      |
| Brazil                | 6                  | 12                     |
| Canada                | 2                  | 4                      |
| Czech Republic        | 12                 | 2                      |
| Denmark               | 5                  | -                      |
| Estonia               | -                  | 10                     |
| EU cooperation: EDF   | -                  | 10                     |
| EU cooperation: other | -                  | 12                     |
| Finland               | 2                  | 6                      |
| France                | 1                  | 9                      |
| Germany               | -                  | 14                     |
| Greece                | 1                  | -                      |
| India                 | 3                  | 1                      |
| Italy                 | -                  | 6                      |
| Japan                 | 6                  | 2                      |
| Latvia                | 1                  | -                      |
| Netherlands           | 1                  | 6                      |

| Country              | Licence agreements | Cooperation agreements |
|----------------------|--------------------|------------------------|
| Norway               | 3                  | 10                     |
| Peru                 | 2                  | 1                      |
| Romania              | 1                  | -                      |
| Saudi Arabia         | -                  | 1                      |
| Singapore            | -                  | 2                      |
| Spain                | 1                  | 5                      |
| South Africa         | 1                  | 2                      |
| South Korea          | 1                  | 7                      |
| Switzerland          | 5                  | 4                      |
| United Arab Emirates | -                  | 2                      |
| United Kingdom       | 3                  | 22                     |
| United States        | 5                  | 24                     |
| <b>Total</b>         | <b>63</b>          | <b>182</b>             |

## Ownership abroad

A party holding a manufacturing or supplier licence for military equipment is obliged to provide information to the ISP on ownership in foreign legal entities undertaking development, manufacturing, marketing or sale of military equipment.

In 2021, 21 companies reported ownership in 113 foreign legal entities in a total of 40 countries. Table 26 shows the number of foreign legal entities broken down by country in which they operate.

**Table 26** Number of reported foreign legal entities broken down by country

| Country        | Number of Swedish-owned legal entities |
|----------------|--|
| Australia      | 2                                      |
| Austria        | 2                                      |
| Belgium        | 2                                      |
| Brazil         | 9                                      |
| Canada         | 1                                      |
| Chile          | 1                                      |
| Croatia        | 1                                      |
| Colombia       | 1                                      |
| Czech Republic | 2                                      |
| Denmark        | 3                                      |
| Finland        | 4                                      |
| France         | 5                                      |
| Germany        | 10                                     |

| <b>Country</b>       | <b>Number of Swedish-owned legal entities</b> |
|----------------------|---|
| Greece               | 2   |
| Hungary              | 1   |
| India                | 5   |
| Indonesia            | 1   |
| Italy                | 1   |
| Japan                | 1   |
| Kenya                | 1   |
| Latvia               | 1   |
| Malaysia             | 4   |
| Mauritius            | 1   |
| Netherlands          | 6   |
| Norway               | 5   |
| Pakistan             | 1   |
| Philippines          | 1   |
| Poland               | 2   |
| Saudi Arabia         | 2   |
| Singapore            | 2   |
| Spain                | 3   |
| South Africa         | 2   |
| South Korea          | 2   |
| Switzerland          | 4   |
| Taiwan               | 1   |
| Thailand             | 2   |
| Turkey               | 1   |
| United Arab Emirates | 3   |
| United Kingdom       | 7   |
| United States        | 8   |
| <b>Total</b>         | <b>113</b>                                    |

### **Military training**

The Swedish Military Equipment Act stipulates that military training of foreign nationals may not be conducted in or outside Sweden without permission from the ISP. This prohibition does not apply to training provided by government agencies or training associated with sales of military equipment for which export licences have been granted.

One licence for military training was granted in 2021. This licence covered the training of citizens in Australia, Brazil, Canada, Chile, Iceland, Liechtenstein, countries within the European Union, Norway, New Zealand, Switzerland, South Africa, Thailand, the United Kingdom and the United States.



## Further transfer of military equipment

Military equipment which has been exported from Sweden is, as a rule, associated with the end-use obligations which the purchaser is bound by, by signing an end-user certificate. In the event that a previous purchaser wishes to transfer such military equipment further, consent is required from the ISP, which can release the purchaser from its end-user obligations. A condition for approval of such further transfer is that an end-user certificate from the new user can be presented. Table 27 shows the licences issued in 2021 for further transfer of equipment originally supplied from Sweden. Note that further transfer within the country and further transfer back to Sweden also require a licence.

**Table 27** Approved further transfer of military equipment in 2021 broken down by country and type of equipment

| From           | To             | Number | Equipment                     |
|----------------|----------------|--------|-------------------------------|
| Belgium        | Italy          | 2      | Explosives                    |
| Estonia        | Norway         | 1      | Vehicle chassis               |
| Estonia        | Sweden         | 1      | Grenades                      |
| Finland        | Croatia        | 1      | Parts for missile systems     |
| France         | Belgium        | 1      | Explosives                    |
| France         | India          | 1      | Data link receivers           |
| France         | Switzerland    | 2      | Explosives                    |
| UAE            | Sweden         | 1      | Surveillance radar            |
| Canada         | Canada         | 1      | Naval guns                    |
| Latvia         | Latvia         | 1      | Rocket-propelled grenades     |
| Lithuania      | Lithuania      | 1      | Automatic weapons             |
| Norway         | Estonia        | 1      | Parts for combat vehicles     |
| Norway         | Norway         | 1      | Naval guns                    |
| Norway         | Sweden         | 1      | Small-calibre ammunition      |
| Singapore      | Singapore      | 1      | Radar components              |
| United Kingdom | Ireland        | 1      | Silencers for hunting weapons |
| United Kingdom | Netherlands    | 1      | Ground sensor systems         |
| United Kingdom | Norway         | 1      | Small-calibre ammunition      |
| United Kingdom | United Kingdom | 2      | Aircraft components           |
| United Kingdom | United States  | 1      | Ground sensor systems         |
| South Africa   | Switzerland    | 1      | Countermeasure components     |
| United States  | United States  | 1      | Satellite fuel                |

| From         | To | Number    | Equipment |
|--------------|----|-----------|-----------|
| <b>Total</b> |    | <b>25</b> |           |

### Individual suppliance

Swedish authorities, Swedish companies and anyone resident or permanently domiciled in Sweden intending to supply military equipment which is located abroad to another party abroad, must in individual cases hold a licence from the ISP, known as an individual supplier licence. Licences are required irrespective of whether the military equipment belongs to the applicant or to another party. Table 28 shows the licences issued in 2021 for supplying military equipment between two parties abroad.

**Table 28 Individual supplier licences granted in 2021 broken down by country and type of equipment**

| From           | To             | Number of approvals | Equipment  |
|----------------|----------------|---------------------|--|
| Estonia        | Denmark        | 1                   | Vehicle lighting                                 |
| Estonia        | Netherlands    | 1                   | Vehicle lighting                                 |
| France         | Malaysia       | 2                   | Military trucks, vehicle lighting                |
| Israel         | Finland        | 2                   | Anti-drone systems, satellite navigation systems |
| Italy          | Brazil         | 1                   | Military cryptography                            |
| Canada         | Denmark        | 1                   | Parts for automatic weapons                      |
| Latvia         | Croatia        | 1                   | Diving equipment                                 |
| Netherlands    | Denmark        | 1                   | Military trucks                                  |
| Netherlands    | France         | 1                   | Vehicle cabs                                     |
| Netherlands    | Netherlands    | 3                   | Military trucks, vehicle lighting                |
| Netherlands    | Germany        | 1                   | Military trucks                                  |
| Norway         | Norway         | 1                   | Parts for combat vehicles                        |
| Norway         | United States  | 1                   | Automatic weapons                                |
| Switzerland    | Switzerland    | 1                   | Combat vehicles                                  |
| Spain          | Belgium        | 1                   | Body protection                                  |
| Spain          | Lithuania      | 2                   | Small-calibre ammunition                         |
| United Kingdom | Australia      | 1                   | Ground sensors                                   |
| United Kingdom | Belgium        | 2                   | Ground sensors                                   |
| United Kingdom | United Kingdom | 1                   | Camouflage netting                               |
| Czech Republic | Finland        | 1                   | Splinter lists                                   |
| Czech Republic | Latvia         | 1                   | Simulator systems                                |
| Germany        | Brazil         | 1                   | Parts for combat aircraft                        |
| Germany        | Netherlands    | 1                   | Parts for military trucks                        |

| From          | To            | Number of approvals | Equipment   |
|---------------|---------------|---------------------|---|
| United States | Brazil        | 1                   | Parts for aircraft engines  |
| United States | United States | 5                   | Parts for training aircraft, camouflage netting, production equipment, explosives |
| <b>Total</b>  |               | <b>35</b>           |   |

## Civilian firearms

Licences from the ISP are required for exports of civilian firearms (hunting and sport shooting weapons), parts for firearms and ammunition for these weapons outside the EU. The assessment of exports of civilian firearms to non-EU countries is carried out both under Council Regulation (EU) No 258/2012 implementing Article 10 of the UN Protocol on the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition and under the War Material Act (1992:1300). This does not, however, apply to exports of smooth-bore shotguns and parts and ammunition for such weapons, and assessment therefore only takes place according to the EU Regulation mentioned.

Table 29 shows the number of applications according to Regulation (EU) No 258/2012 received by the ISP in the past three years.

**Table 29** Number of applications concerning exports of civilian firearms 2019–2021

| Type of case                     | 2019 | 2020 | 2021 |
|----------------------------------|------|------|------|
| Applications for export licences | 242  | 213  | 236  |

Table 30 shows the number of licences granted per country under the same Regulation. As a large proportion of the licences issued under the Regulation relate to own use, gifts and loans, no value is presented in this table.

**Table 30** Number of licences granted concerning exports of civilian firearms 2019–2021 by country

| Destination   | 2019 | 2020 | 2021 |
|---------------|------|------|------|
| <b>EUROPE</b> |      |      |      |
| Andorra       | 2    | 1    | 2    |
| Faroe Islands | 1    | -    | 1    |
| Greenland     | -    | -    | 2    |
| Iceland       | 5    | 4    | 4    |

| <b>Destination</b>     | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|------------------------|-------------|-------------|-------------|
| Montenegro             | -           | -           | 1           |
| Norway                 | 126         | 112         | 96          |
| Switzerland            | 26          | 32          | 15          |
| United Kingdom         | -           | -           | 14          |
| Ukraine                | 1           | -           | 2           |
| <b>Total</b>           | <b>161</b>  | <b>149</b>  | <b>137</b>  |
| <b>NORTH AMERICA</b>   |             |             |             |
| Canada                 | 5           | 1           | 5           |
| United States          | 41          | 42          | 36          |
| <b>Total</b>           | <b>46</b>   | <b>43</b>   | <b>41</b>   |
| <b>SOUTH AMERICA</b>   |             |             |             |
| Brazil                 | -           | -           | 1           |
| Chile                  | 1           | -           | -           |
| Peru                   | -           | -           | 2           |
| Uruguay                | -           | 1           | 2           |
| <b>Total</b>           | <b>1</b>    | <b>1</b>    | <b>5</b>    |
| <b>NORTH EAST ASIA</b> |             |             |             |
| Japan                  | 1           | 1           | 3           |
| <b>Total</b>           | <b>1</b>    | <b>1</b>    | <b>3</b>    |
| <b>MIDDLE EAST</b>     |             |             |             |
| UAE                    | -           | -           | 1           |
| Lebanon                | -           | -           | 2           |
| <b>Total</b>           | <b>-</b>    | <b>-</b>    | <b>3</b>    |
| <b>AFRICA</b>          |             |             |             |
| Botswana               | -           | -           | 2           |
| Mauritius              | -           | 1           | -           |
| Namibia                | 5           | 2           | 5           |
| South Africa           | 12          | 5           | 11          |
| Zambia                 | 2           | 2           | 1           |
| <b>Total</b>           | <b>20</b>   | <b>10</b>   | <b>19</b>   |
| <b>OCEANIA</b>         |             |             |             |
| Australia              | 2           | 2           | 4           |
| New Zealand            | 6           | 7           | 13          |
| <b>Total</b>           | <b>8</b>    | <b>9</b>    |             |
| <b>TOTAL</b>           | <b>237</b>  | <b>213</b>  | <b>225</b>  |

## Transfers within the EU

Licences for transfer of dual-use items to another EU Member State are required only to a very limited extent according to the provisions of Annex IV to Council Regulations 428/2009 and 2021/821. Assuming that exports of dual-use items follow the geographical distribution of total exports of goods, this means that more than half of the exports from Sweden of dual-use items can take place without a licence. This applies when the export relates to other EU countries.

Table 31 shows the number of applications for transfer licences to other EU Member States during 2021, divided by granted and rejected applications for licences.

**Table 31** Number of processed applications for transfer licences to another EU Member State in 2021

| Granted | Denials | Total |
|---------|---------|-------|
| 4       | 0       | 4     |

## Exports supported by general licence to Australia, Canada, Japan, Liechtenstein, Norway, New Zealand, Switzerland, the United Kingdom and the United States

Almost a third of Sweden's total exports of goods in 2021 went to Australia, Canada, Japan, Liechtenstein, Norway, New Zealand, Switzerland, the United Kingdom and the United States. There is a general licence, which is very extensive in terms of the number of products, for exporting dual-use items to these countries (EU001). A Swedish exporter wishing to export dual-use items under the general licence is required only to make a one-off notification at the time when the licence is first used. An individual or global licence for export to any of the countries mentioned is only required in a few cases.

Table 32 shows the number of exporters that notified use of the general licence EU001 during 2021 and the total number of notifications since its introduction in 2009.

**Table 32** Number of notifications of the general licence EU001

| Licences | Notifications in 2021 | Notifications since introduction in 2009 |
|----------|-----------------------|--|
| EU001    | 31                    | 251                                      |

## Exports under other general licences

There are seven general licences, which are not particularly extensive in terms of number of products, for trade in dual-use items to certain other countries in the world, known as EU002–EU008. An exporter in Sweden wishing to export dual-use items under any of the five general licences EU002–EU006 is only required to make a one-off notification at the time the licence is first used.

Table 33 shows the number of exporters that notified use of the general licences EU002–EU006 during 2021 and the total number of notifications since the introduction of the licences. The licences were introduced in November 2011, which is why the total number starts from 2012.

**Table 33** Number of notifications of the general licences EU002–EU006

| Licences | Notifications in 2021 | Notifications since introduction in 2012 |
|----------|-----------------------|--|
| EU002    | 0                     | 6  |
| EU003    | 0                     | 11                                       |
| EU004    | 1                     | 9  |
| EU005    | 0                     | 1  |
| EU006    | 0                     | 1  |

Regulation 2021/821 has added two general licences in the form of EU007 and EU008. Exports under these two general licences require the exporter to have registered with the ISP and to have notified the inspectorate prior to the first use of the licences.

Table 34 shows the number of exporters who have registered and notified the inspectorate prior to using the general licences EU007–EU008 during 2021, and the total number of notifications since their introduction.

**Table 33** Number of notifications of the general licences EU007–EU008

| Licences | Notifications in 2021 | Notifications since introduction in 2021 |
|----------|-----------------------|--|
| EU007    | 4                     | 4  |
| EU008    | 1                     | 1  |

## Exports supported by individual and global export licences

In the event that none of the general licences EU002–EU006 are applicable, either a global or an individual export licence is required for trade in dual-use items outside the EU.

Tables 35 and 36 show the number of decisions on applications for export licences relating to dual-use items, divided by granted and rejected applications for licences. The tables cover applications for both global and individual export licences.

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Table 35 shows the number of decisions on applications for export licences concerning dual-use items listed in Annex I to Council Regulations 428/2009 and 2021/821. The table reports licences divided by the control regime under which the item in question is controlled. The export control regimes are the Australia Group (AG), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG) and the Wassenaar Arrangement (WA).

**Table 34** The number of granted and rejected applications for export licences in 2021 concerning dual-use items, broken down by export control regime

| Export control regime                    | Granted      | Denials   |
|--|--------------|-----------|
| Australia Group (AG)                     | 401          | 3         |
| Missile Technology Control Regime (MTCR) | 16           | 0         |
| Nuclear Suppliers Group (NSG)            | 38           | 1         |
| Wassenaar Arrangement (WA)               | 602          | 51        |
| <b>Total</b>                             | <b>1 057</b> | <b>55</b> |

Table 36 shows applications for export licences concerning products not covered by control through application of Article 4 of Council Regulations 428/2009 and 2021/821, the ‘catch-all’ clause. Application of this clause means that products not listed in Annex 1 to Council Regulations 428/2009 and 2021/821 are to be covered by licence requirements under a decision in the individual case by the ISP. Decisions on licence requirements under the catch-all clause may cover products that are or may be wholly or partially intended for biological and chemical weapons and for nuclear weapons or missiles capable of carrying such weapons.

The licence requirement may also cover products intended for military end-use in countries covered by a weapons embargo, or products that are or may be intended to be used as components for military equipment that has been exported from the EU without a licence or in contravention of a licence.

**Table 35** Number of granted and rejected applications for export licences in 2021 concerning dual-use items covered by licence requirements under Article 4 (catch-all) of Council Regulations 428/2009 and 2021/821

| Granted | Denials | Total |
|---------|---------|-------|
| 10      | 0       | 10    |

Table 37 shows the number of granted and rejected applications for export licences under Council Regulation 267/2012 concerning restrictive measures against Iran. According to the Regulation, more items are covered by licence requirements than on export to other countries. For this reason, the applications are presented separately in this table, and are thus not included in the material for other tables.

**Table 36** Number of granted and rejected applications for export licences in 2021 under Council Regulation 267/2012 concerning restrictive measures against Iran

| Granted | Denials | Total |
|---------|---------|-------|
| 189     | 0       | 189   |

Table 38 shows the number of granted applications for export licences divided by nine product categories in Annex 1 to Council Regulations 428/2009 and 2021/821. Annex I also covers category 0, which concerns nuclear materials, facilities and equipment. Applications for export licences regarding category 0 are reported by the Swedish Radiation Safety Authority (SSM).

**Table 37** Number of export licences granted in 2021 concerning dual-use items divided by product category and broken down into individual and global export licences

| Categories 1–9 in Annex I  | Individual export licences | Global export licences | Total |
|--|----------------------------|------------------------|-------|
| Category 1<br><i>Special materials and related equipment</i>     | 85                         | 3                      | 88    |
| Category 2<br><i>Materials processing</i>                        | 410                        | 13                     | 423   |
| Category 3<br><i>Electronics</i>                                 | 54                         | 4                      | 58    |
| Category 4<br><i>Computers</i>                                   | 3                          | 0                      | 3     |
| Category 5<br><i>Telecommunications and information security</i> | 196                        | 83                     | 279   |
| Category 6<br><i>Sensors and lasers</i>                          | 183                        | 4                      | 187   |
| Category 7<br><i>Navigation and avionics</i>                     | 1                          | 1                      | 2     |
| Category 8<br><i>Naval</i>                                       | 3                          | 0                      | 3     |



|                                 |   |   |    |
|---------------------------------|---|---|----|
| Category 9                      | 7 | 4 | 11 |
| <i>Aerospace and propulsion</i> |   |   |    |

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Table 39 shows the number of licences granted per country in 2021. The table only includes individual and global licences. As a general rule, these licences are not required for transfers to countries within the EU or to Australia, Japan, Canada, Liechtenstein, Norway, New Zealand, Switzerland, the United Kingdom and the United States.

**Table 38** Countries covered by the greatest number of granted export licences concerning dual-use items in 2021

| Country      | Number of licences |
|--------------|--------------------|
| China        | 285                |
| India        | 96                 |
| South Korea  | 87                 |
| Russia       | 60                 |
| Singapore    | 56                 |
| Taiwan       | 52                 |
| Malaysia     | 47                 |
| Israel       | 46                 |
| Turkey       | 32                 |
| South Africa | 31                 |
| Brazil       | 29                 |
| Qatar        | 25                 |
| Indonesia    | 24                 |
| Thailand     | 23                 |
| Ukraine      | 23                 |

Table 40 shows the number of rejected applications for individual and global licences in 2021 per country. As a general rule, these licences are not required for transfers to countries within the EU or to Australia, Japan, Canada, Liechtenstein, Norway, New Zealand, Switzerland and the United States.

**Table 39** Countries with the greatest number of denials concerning dual-use items in 2021

| Country  | Number of licences denied |
|----------|---------------------------|
| China    | 14                        |
| Vietnam  | 6                         |
| Thailand | 5                         |
| Malaysia | 4                         |
| Niger    | 3                         |

|                      |   |
|----------------------|---|
| United Arab Emirates | 3 |
| Egypt                | 2 |
| Cote d'Ivoire        | 2 |
| Pakistan             | 2 |
| Saudi Arabia         | 2 |
| Ukraine              | 2 |
| Algeria              | 1 |
| Honduras             | 1 |
| India                | 1 |
| Indonesia            | 1 |

### Individual and global export licences for dual-use items with a military end-user

Tables 41 and 42 show granted and rejected applications for export licences for dual-use items with military end-users. These licences are divided by global and individual export licences and are reported per country and final use.

**Table 40** Number of granted export licences concerning dual-use items for military end-users in 2021

| Country   | Global export licences | Individual export licences | Final use   |
|-----------|------------------------|----------------------------|---|
| Chile     | 1                      | 1                          | Parts for sensor systems (via third country), software  |
| Georgia   | 1                      | 1                          | Border surveillance, software   |
| India     | 2                      | 6                          | Parts for sensor systems (via third countries), for naval use, research, telecommunications, software |
| Indonesia | -                      | 1                          | For rescue operations   |
| Japan     | 1                      | 1                          | Parts for sensor systems (via third country), software  |
| Jordan    | -                      | 2                          | Border surveillance, software   |
| Kuwait    | 3                      | 1                          | Identification of biological, radiological and chemical agents, telecommunications                    |
| Malaysia  | -                      | 4                          | Software, for naval use   |
| Mali*     | -                      | 1                          | Area protection   |
| Oman      | 1                      | 1                          | For naval use, telecommunications   |
| Qatar     | -                      | 2                          | Border surveillance, telecommunications   |

| Country        | Global export licences | Individual export licences | Final use  |
|----------------|------------------------|----------------------------|--|
| Saudi Arabia   | 1                      | -                          | Return after repair  |
| Singapore      | 2                      | 1                          | Parts for sensor systems (via third countries), telecommunications, software                       |
| South Korea    | 1                      | 6                          | Repairs, sensor system parts (via third countries), sensor system parts, area protection, software |
| Taiwan         | -                      | 1                          | Border surveillance  |
| Thailand       | -                      | 1                          | Telecommunications   |
| United Kingdom | 1                      | 1                          | Tests, software  |
| <b>Total</b>   | <b>14</b>              | <b>31</b>                  |  |

\*The application concerns an export to a peacekeeping operation consisting of countries other than the specified destination.

**Table 41** Number of denied applications for export licences concerning dual-use items for military end-users in 2021

| Country       | Denials of global export licences | Denials of individual export licences | Final use   |
|---------------|-----------------------------------|---------------------------------------|---|
| Cote d'Ivoire | -                                 | 1                                     | Software  |
| Egypt         | -                                 | 2                                     | Tests, area protection  |
| Indonesia     | -                                 | 1                                     | Software  |
| Malaysia      | -                                 | 4                                     | Software  |
| Niger         | -                                 | 2                                     | Software  |
| Nigeria       | -                                 | 1                                     | Rescue operations   |
| Taiwan        | -                                 | 1                                     | Software  |
| Vietnam       | -                                 | 4                                     | Software, parts for sensor systems (via third country), rescue operations |
| <b>Total</b>  | <b>0</b>                          | <b>16</b>                             |   |

## Preliminary decisions concerning exports of dual-use items

The report of resolved requests for preliminary decisions is broken down into two main categories. The first category concerns the number of resolved requests for preliminary decisions relating to items controlled under Annex I to Council Regulations 428/2009 and 2021/821. The second

category concerns the number of resolved requests for preliminary decisions relating to non-controlled items.

Table 43 shows the number of resolved requests for preliminary decisions concerning items controlled in Annex I to Council Regulations 428/2009 and 2021/821, divided by positive and negative preliminary decisions. A positive preliminary decision means that the ISP has issued a positive non-binding preliminary decision that a licence can be expected in an assessment of an application for an export licence. A negative preliminary decision means that the ISP has issued a negative non-binding preliminary decision that a licence cannot be expected in an assessment of an application for an export licence. A final position is always adopted at the time when an application for an export licence is assessed.

**Table 42**      **Number of positive and negative preliminary decisions issued in 2021 concerning exports of items controlled in Annex I to Council Regulations 428/2009 and 2021/821**

| Positive preliminary decisions | Negative preliminary decisions | Total |
|--------------------------------|--------------------------------|-------|
| 30                             | 18                             | 48    |

Table 44 shows resolved enquiries regarding whether export licences are required for non-controlled items – “catch-all”. The enquiries are broken down into the following categories: ‘decision on licence requirement for exports and positive preliminary decision’, ‘decision on licence requirements for exports and negative preliminary decision’ and ‘decision that an export licence is not required’.

The category ‘decision on licence requirement for exports and positive preliminary decision’ means that the ISP has made a decision that the items included in the request are covered by a licence requirement under Council Regulations 428/2009 and 2021/821, and that the inspectorate has issued a non-binding preliminary decision that a licence can be expected on applying for an export licence.

The category ‘decision on licence requirement for exports and negative preliminary decision’ means that the ISP has made a decision that the items included in the enquiry are covered by a licence requirement under Council Regulations 428/2009 and 2021/821, and that the inspectorate has issued a non-binding preliminary decision that a licence cannot be expected on applying for an export licence.

The category ‘decision that an export licence is not required’ means that the ISP has made a decision that the items included in the enquiry are not covered by licence requirements under Council Regulations 428/2009 and 2021/821.

**Table 43** Number of resolved enquiries in 2021 concerning non-controlled items – catch-all

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| Country      | Decisions on licence requirements for exports – positive preliminary decision | Decisions on licence requirements for exports – negative preliminary decision | Decisions that an export licence is not required | Total |
|--------------|---|---|--|-------|
| France       | -   | -   | 1  | 1     |
| India        | -   | 1   | -  | 1     |
| Iran         | -   | 1   | -  | 1     |
| Italy        | -   | -   | 1  | 1     |
| China        | 1   | 5   | 9  | 15    |
| Pakistan     | -   | -   | 1  | 1     |
| Russia       | -   | 2   | 4  | 6     |
| Turkey       | -   | 1   | -  | 1     |
| Germany      | -   | -   | 1  | 1     |
| <b>Total</b> | <b>1</b>  | <b>10</b>   | <b>17</b>  |       |

In the nuclear area, licences are mandatory for exports outside the EU. For the majority of products, licences are also required for transfer between EU countries. The items affected are described in Annex IV Part 2 to the Dual-Use Regulation. General licences may not be used for these products. 105 licences were granted for exports or for transfers within the EU in 2021.

**Table 44** Licences for exports, or for transfers within the EU, granted for dual-use items, belonging to Category 0 in Annex 1 to the Dual-Use Regulation, from companies in Sweden (source: SSM)

| Recipient country | Number of global licences | Number of individual licences | Item categories                      |
|-------------------|---------------------------|-------------------------------|--------------------------------------|
| Argentina         | 0                         | 1                             | 0C002                                |
| Australia         | 0                         | 3                             | 0A001j, 0C001                        |
| Belgium           | 2*                        | 0                             | 0D001, 0E001                         |
| Brazil            | 2                         | 1                             | 0A001f, 0C002, 0D001, 0E001          |
| Bulgaria          | 1                         | 0                             | 0D001, 0E001                         |
| Canada            | 1                         | 0                             | 0E001                                |
| Czech Republic    | 2*                        | 2                             | 0A001h, 0D001, 0E001                 |
| Finland           | 2                         | 4                             | 0A001d, 0A001h, 0C004, 0D001, 0E001  |
| France            | 6*                        | 5                             | 0A001d, 0A001f, 0A001h, 0D001, 0E001 |

|                |     |    |  |
|----------------|-----|----|--|
| Germany        | 8*  | 5  | 0A001h, 0A001j, 0D001, 0E001                       |
| Italy          | 1*  | 0  | 0D001, 0E001                                       |
| Japan          | 2   | 4  | 0A001d, 0A001f, 0A001h, 0E001                      |
| Kazakhstan     | 1   | 0  | 0E001  |
| Lithuania      | 1   | 0  | 0E001  |
| Netherlands    | 0   | 1  | 0E001  |
| Norway         | 1   | 1  | 0C001, 0D001                                       |
| Poland         | 1   | 0  | 0E001  |
| Slovenia       | 1*  | 0  | 0E001  |
| Spain          | 4*  | 7  | 0A001d, 0A001f, 0A001h, 0D001, 0E001               |
| Switzerland    | 4   | 1  | 0A001f, 0A001h, 0C001, 0C002, 0E001                |
| United Kingdom | 6** | 7  | 0A001f, 0A001g, 0A001h, 0D001, 0D001, 0E001        |
| Ukraine        | 1   | 3  | 0A0001d, 0A001f, 0A001h, 0C001, 0C002, 0E001       |
| United States  | 9   | 14 | 0A001d, 0A001f, 0A001h, 0C001, 0C002, 0D001, 0E001 |

\* of which one or more in the framework of a licence with more than one recipient country

\*\* of which one authorisation for product category 0E001 was granted before leaving the EU

**Table 45 Membership of multilateral export control regimes in 2021**

| Country        | ZC | NSG | AG | MTCR | WA |
|----------------|----|-----|----|------|----|
| Argentina      | X  | x   | x  | x    | x  |
| Australia      | X  | x   | x  | x    | x  |
| Austria        | x  | x   | x  | x    | x  |
| Belarus        | X  | x   | -  | -    | -  |
| Belgium        | X  | x   | x  | x    | x  |
| Brazil         | -  | x   | -  | x    | -  |
| Bulgaria       | X  | x   | x  | x    | x  |
| Canada         | x  | x   | x  | x    | x  |
| China          | x  | x   | -  | -    | -  |
| Croatia        | x  | x   | x  | -    | x  |
| Czech Republic | x  | x   | x  | x    | x  |
| Cyprus         | -  | x   | x  | -    | -  |
| Denmark        | X  | x   | x  | x    | x  |
| Estonia        | -  | x   | x  | -    | x  |
| EU             | -  | -   | x  | -    | -  |
| Finland        | x  | x   | x  | x    | x  |
| France         | x  | x   | x  | x    | x  |
| Germany        | x  | x   | x  | x    | x  |

| Country        | ZC        | NSG       | AG        | MTCR      | WA        |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Greece         | X         | X         | X         | X         | X         |
| Hungary        | X         | X         | X         | X         | X         |
| India          | -         | -         | X         | X         | X         |
| Ireland        | X         | X         | X         | X         | X         |
| Iceland        | -         | X         | X         | X         | -         |
| Italy          | X         | X         | X         | X         | X         |
| Japan          | X         | X         | X         | X         | X         |
| Kazakhstan     | X         | X         | -         | -         | -         |
| Korea (Rep.)   | X         | X         | X         | X         | X         |
| Latvia         | -         | X         | X         | -         | X         |
| Lithuania      | -         | X         | X         | -         | X         |
| Luxembourg     | X         | X         | X         | X         | X         |
| Malta          | -         | X         | X         | -         | X         |
| Mexico         | -         | X         | X         | -         | X         |
| Netherlands    | X         | X         | X         | X         | X         |
| Norway         | X         | X         | X         | X         | X         |
| New Zealand    | X         | X         | X         | X         | X         |
| Poland         | X         | X         | X         | X         | X         |
| Portugal       | X         | X         | X         | X         | X         |
| Romania        | X         | X         | X         | -         | X         |
| Russia         | X         | X         | -         | X         | X         |
| Serbia         | -         | X         | -         | -         | -         |
| Slovakia       | X         | X         | X         | -         | X         |
| Slovenia       | X         | X         | X         | -         | X         |
| Spain          | X         | X         | X         | X         | X         |
| Switzerland    | X         | X         | X         | X         | X         |
| Sweden         | X         | X         | X         | X         | X         |
| South Africa   | X         | X         | -         | X         | X         |
| Turkey         | X         | X         | X         | X         | X         |
| Ukraine        | X         | X         | X         | X         | X         |
| United Kingdom | X         | X         | X         | X         | X         |
| United States  | X         | X         | X         | X         | X         |
| <b>TOTAL</b>   | <b>39</b> | <b>48</b> | <b>43</b> | <b>35</b> | <b>42</b> |

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# The Inspectorate of Strategic Products on important trends in Swedish and international export controls

## The scope of export controls in Sweden

The Inspectorate of Strategic Products (ISP) controls an estimated 3–4 per cent of Sweden’s total foreign trade in goods via examination of applications for licences. This corresponds to exports worth around SEK 50 billion per year. Export controls cover goods and technology that may be sensitive to export or otherwise transfer abroad for defence, security or foreign policy reasons. Around 1 per cent relates to exports of military equipment, while the largest share – about 2–3 per cent – consists of exports of dual-use items. In addition, the ISP controls – through licensing – military equipment manufactured and sold within the country to the Swedish Armed Forces and other Swedish actors, which corresponds to approximately SEK 15–20 billion per year.

More than 550 companies, as well as several government agencies and educational institutions, are subject to ISP supervision, including approximately 330 companies in the defence industry and 220 in the dual-use items industry.

The ISP handles about 7,000 cases each year. Many cases are of a routine nature, but several cases are complex and require in-depth knowledge and strategic assessments of Swedish foreign, defence and security policy in each individual case. The parliamentary Export Control Council is an important source of support for the ISP when making assessments on the most sensitive cases.

## General information about the purpose of and trends in Swedish and international export controls

### The purpose of export controls

The principal and overriding purpose of export controls is often expressed in terms of a desire on the part of the country that controls exports to prevent certain products or technology from being proliferated to undesirable recipients. An undesirable recipient may be both an end-user country and, for example, a terrorist organisation. Another important purpose of export controls is that a country – particularly during times of crisis – will not want to export such products that it will suffer, or risks suffering, a shortage of, and that the country has a great need to keep in the country.

To simplify, in the view of the ISP, there are two main reasons for a country that manufactures and exports military equipment or dual-use items not to want the equipment or items to proliferate to undesirable recipients, namely a threat to the security of the exporting country, or to



allied or related countries, or the fact that it conflicts with the principles and objectives of the exporting country's foreign policy.

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## **The trend in export controls – military build-up and internationalisation**

In recent years there has been a substantial build-up of arms around the world, and according to some analysts, total global military spending in 2020 reached the highest level since the late 1980s. The arms build-up has continued to increase since then.

The general build-up of military forces around the world and the return of the “great strategic game” between the major powers mean that the trend towards increasing importance of export control internationally is clear. The major powers seek to prevent other major powers or other countries from gaining the same technological advantages and level of arms build-up they have themselves, and export controls is a means that has been applied. In view of Sweden's high-tech industry, Sweden is also affected by this to a great extent.

The arms build-up demands a rigorous export control. It is to a large extent the combination of the arms build-up and the internationalisation of both the Swedish and foreign defence industries and the dual-use item industry that is leading to heavy demands being made on export control. These requirements go far beyond the traditional export control task of assessing the suitability of a particular kind of military equipment or a particular kind of dual-use item reaching a particular recipient or end-user.

For the past two decades the Swedish defence industry has exported more than half of the military equipment produced in Sweden. Despite a strong Swedish build-up of arms, the statistics show that this remained the case in 2021. In addition, in recent decades the Swedish defence industry and dual-use item industry have placed a large share of their research and development abroad. This inevitably and inescapably leads to a risk of technology regarded as sensitive in terms of Swedish defence capability being proliferated in a way that could not have been imagined previously. Business arrangements where a country in which the Swedish defence industry undertakes research and development wishes to sell a military equipment system containing parts or components of Swedish origin, or technology partly originating from a Swedish company, to a recipient undesirable to Sweden are becoming increasingly common.

During the year, the ISP put great emphasis in the areas of both military equipment and dual-use items on assessing advanced contract arrangements where counter-purchase requirements from a purchasing country may lead to permanent technology transfer, which in turn poses a risk of leading to undesirable technology transfer to third countries.

The closer the European defence industry is interlinked through partnerships, mergers and acquisitions, the greater the challenge becomes when one country, for example Sweden, denies a third-country transaction in which its defence industry acts as subcontractor when another EU Member State has sold a system in its entirety to a third country. With the aim of avoiding – or in any case mitigating – tensions that have arisen as a consequence of such scenarios, Germany and France entered into an

agreement at the end of 2019 that includes a *de minimis* rule. This provision means that if the proportion of military equipment (parts and components) for which the defence industry in the subcontractor country is responsible in the complete military equipment system does not exceed 20 per cent, the subcontractor country should not prevent export to a third country that the main contractor country has already approved.

### **The possibility of giving the ISP the right to direct signals intelligence**

The Government has stated that good defence intelligence capabilities are essential for Sweden's opportunities to conduct an independent and active foreign, security and defence policy (Govt Bill 2020/21:30 p. 154). For the ISP, which is the central government agency for cases and supervision pursuant to the Military Equipment Act and the Dual-Use Items and Technical Assistance Control Act, as well as several other tasks affecting Sweden's foreign, security and defence policy, it is extremely important that the country has good defence intelligence capabilities, and that these capabilities bring benefits and can contribute to the agency's increasingly complex assessment of applications.

All the parliamentary parties except the Left Party backed the Riksdag's announcement to the Government in March 2018 that the Government should review the possibility of giving the ISP the right to direct signals intelligence from the Swedish National Defence Radio Establishment (report 2017/18: FöU5, written communications from the Riksdag 2017/18:178 and 2017/18:179). The Government dealt with the announcement in Government Bill 2020/21:30 Total Defence 2021–2025, and thereby stated that an inquiry chair should be tasked with reviewing the Act (2008:717) on Signals Surveillance in Defence Intelligence Work (p. 155). The Government stated that this review should include the question of the right to direct signals intelligence in defence intelligence activity. The Government also stated that it intends to return to this question, and that the announcement has not been finally settled.

## **Military equipment**

### **Amendments to the legislation and updated guidelines**

For the ISP, 2021 – as well as the years 2018–2020 – were important years in terms of applying the changes to the Swedish guidelines on exports and other international cooperation on military equipment that apply from 2018.

The guidelines were amended in 2018 with regard to the democratic status of the recipient country, respect for human rights in the recipient country, the impact of the export on fair and sustainable development in the recipient country, follow-on deliveries and international cooperation. The reason for the amendments, according to the Government, was the endeavour to promote democracy, human rights and sustainable

development having become an increasingly important part of Swedish foreign policy (Govt Bill 2017/18:23 Stricter export control of military equipment p. 38).

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The most important change concerns the democratic status of the recipient state, which is to be a central condition in the consideration of licence applications. The Government states in the Bill on which the amended guidelines are based that the worse the democratic status is, the less scope there is for licences to be granted. In the event that there are serious democratic deficits, this poses an obstacle to granting licences. The latter means, according to the Government, that there is a presumption that a licence will not be granted, but if there are substantial national defence or security policy interests in international cooperation in individual cases, licences may nevertheless be granted following careful assessment (Govt Bill 2017/18:23 pp. 67 and 72). The preparatory materials state that the democratic status of the recipient country constitutes a conditional obstacle (Govt Bill 2017/18:23 pp. 71).

The ISP commented as follows on the amended guidelines on its website on 15 April 2018.

- The greatest change in the new guidelines and the most important way in which they have been made more stringent is the introduction of the democratic status of the recipient state as a central condition when considering licence applications. It should be noted, however, that it is not a prohibition, as the Government states that licences may be granted if there are substantial national defence or security policy interests in international cooperation in individual cases. New deals with such states will possibly be granted primarily in connection with international cooperation where there are substantial defence or security policy reasons in individual cases.
- Although the ISP will refuse licences for new deals with states that have serious deficits in democratic status, it is clearly stated by the Government that follow-on deliveries under deals that have been approved prior to 15 April 2018 should be assessed in accordance with the previous guidelines for follow-on deliveries. States that may be perceived by the general public as having serious deficits in democratic status will therefore probably, following a case-by-case assessment, receive Swedish military equipment in the form of follow-on deliveries for several decades to come. Follow-on deliveries for a previously delivered system may continue for several decades, and there are examples of follow-on deliveries being made for systems originally delivered from Sweden 30–40 years ago.

## **Assessment of licence applications in 2021**

Since 2018, the day-to-day work of the ISP has been marked by the authority's remit to interpret the amended guidelines in the light of changes in the world at large and in Sweden, increased tensions between great powers and several armed conflicts in the world.

Defence and security policy reasons in favour of exports, including follow-on deliveries and international collaboration, are in individual cases put against foreign policy reasons against exports, such as democratic status and respect for human rights in the country in question, that may exist in an individual case. As before, an overall assessment is ultimately made of the circumstances existing in each individual case.

Strategic considerations are essential when defence and security policy reasons are to be balanced against foreign policy reasons. In exceptional cases, it may therefore – in an overall assessment of an individual case – turn out that national security, ultimately Swedish defence capability, is more important than strong foreign policy reasons that speak against an export, for example serious deficiencies in a recipient country's democratic governance. The Government has expressed this as follows: "if there are substantial national defence or security policy interests in international cooperation in individual cases, licences may nevertheless be granted following careful assessment" (op. cit.).

In such an individual case, the outcome may therefore be that an application for an export licence is granted, without this affecting an otherwise restrictive approach towards the country in question. Such individual cases of granting applications for export licences to certain countries which, for example, have serious deficiencies in their democratic governance – and where a restrictive approach otherwise applies – will remain unusual, and will primarily relate to follow-on deliveries or where Sweden and the Swedish defence industry participate in international equipment cooperation with a close partner country such as the Nordic countries, EU countries, the United States or the United Kingdom.

The parliamentary assembly attached to the ISP, the Export Control Council, played a very important advisory role during the year with regard to interpretation of the guidelines.

## **Cooperation with other authorities**

An important trend in relation to export control is for recipient countries to make greater demands for technology transfer and development cooperation in connection with major purchases of military systems. This trend, combined with the risk of military equipment, technology or dual-use items possibly being used for a capability-enhancing purpose, including weapons of mass destruction, for the military forces of a country to whose arms build-up objectives Sweden does not wish to contribute, has made great demands in recent years on the ISP's technical expertise and on the authority's security policy risk assessments.

To ensure effective control of these aspects, the ISP continued its work in 2021 with the cooperation forum, the Military Equipment Security Group (MSG), that was established in 2017 and in which issues are discussed with the Swedish Armed Forces, the Swedish Defence Materiel Administration, the Swedish Defence Research Agency and the Ministry of Defence (Government Offices of Sweden).

## **Post-shipment controls of military equipment abroad**

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The Government decided on 19 October 2017 that the ISP should analyse the issue of post-shipment controls abroad of military equipment that has been exported with licences under the Military Equipment Act, and to submit proposals for the design of a system for such controls. In its inquiry presented in March 2018, the ISP made the assessment that ex-post controls should be focused on five different types of light weapons and their associated ammunition systems manufactured in and exported from Sweden. It is required that the end-user country has approved such visits in an end-user certificate. The system should only cover state end-users and not weapons manufactured under licence abroad. Post-shipment controls should not, as a rule, take place in countries for which the guidelines and preliminary work statements indicate that there are in principle no foreign or security policy obstacles to international cooperation. For all other countries, post-shipment controls should as a rule take place through on-site verification visits in the recipient country.

In November 2021, the Government decided to introduce a system of post-shipment controls, to come into effect on 1 March 2022. The new post-shipment controls procedure applies to new contracts and does not apply retroactively. The ISP is the authority responsible for implementation, and verification visits abroad will be carried out at times and to an extent deemed appropriate by the ISP.

A significant international trend in export control is that the number of countries conducting post-shipment controls of military equipment that has been exported to another country have increased. Until 2012, the United States was in principle alone in conducting such post-shipment controls. Switzerland began a programme of regular post-shipment controls in 2012, followed by Germany in 2015. Since 2015, Germany has carried out nine post-shipment controls visits abroad and is investigating whether the system should be made permanent. The Czech Republic also has a system in place for regular post-shipment controls. Spain introduced a system for post-shipment controls into its legislation in April 2020. The Spanish system will only apply for export licences granted after this date, and inspections will only be carried out in exceptional cases and with the consent of the recipient country in an end-user certificate.

## **The European Defence Fund**

Work on implementing the European Defence Fund continued during the year. The fund amounts to EUR 8 billion for the period 2021–2027, and is allocated to collaborative projects with participants from different EU Member States. A provision has been included in the EU Regulation on the European Defence Fund, which came into force on 12 May 2021, stating that the issue of third-party exports will be decided on by the individual Member States after an assessment in each individual case.

In consideration of the differing views that largely exist between the leading defence industry countries in the EU on the matter of third-country exports, the ISP anticipates that differing views may arise between the collaborating countries when the fully developed systems in the individual

projects are to be exported to third countries in the future. With regard to international collaboration of the type that will be relevant through the European Defence Fund and the issue of third-country exports, the Government has stated that ‘it is not obvious that Sweden can always count on a sympathetic hearing for all the aspects that are unique to our approach with regard to cooperation with or export to a third country’ (Govt Bill 2017/18:23 pp. 66).

### **International export control policy – the Yemen conflict**

In terms of international export control policy, the year – just like every year since 2015 – was dominated by various countries’ application of exports of military equipment to those countries taking part with military forces in the Yemen conflict.

Following the murder of the Saudi journalist Khashoggi at the Saudi consulate in Istanbul in Turkey in September 2018, Germany, Denmark, Finland and Norway, among others, announced that they would have an export control policy in relation to Saudi Arabia similar to the one that Sweden de facto has had since 2013, which means that in principle the countries do not issue any export licences for new military equipment export deals to Saudi Arabia.

Several of the countries mentioned also announced in 2018 that, in the future, they would have an export control policy in relation to the United Arab Emirates similar to the one that Sweden de facto has had since June 2017, which means that in principle they will not issue any export licences for new military equipment export deals to the United Arab Emirates.

### **Turkey**

On 15 October 2019 the ISP revoked all current export licences for sale of military equipment to Turkey. The main reason for the ISP’s decision was that on 10 October 2019 the Government declared, through the Minister for Foreign Affairs, that Turkey’s military operation in Syria infringes the rules of international law and the UN Charter. On 11 October 2019, all parliamentary parties backed the Government proposal that the EU should impose an arms embargo on Turkey. EU foreign ministers adopted Council conclusions on north-east Syria on 14 October 2019. In point 5 of the Council conclusions, the EU Member States are urged to exercise restraint in exports of military equipment to Turkey based on Criterion Four on regional stability in the EU’s Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment.

No EU Member State other than Sweden revoked export licences to Turkey in 2019, but several EU Member States declared, in accordance with the Council conclusions, that they were observing restraint in assessing licence applications that were regarded as potentially being used by Turkey in Syria

No exports of military equipment from Sweden to Turkey took place in 2021.

## **Foreign acquisitions of the defence industry and dual-use item industry**

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A significant trend in Swedish and international export controls is that several countries in recent years have launched a strategy of acquiring ownership in companies that manufacture or sell military equipment or strategically important dual-use items. This often involves countries that are the object of arms embargoes or other international sanctions and that therefore have difficulties purchasing military equipment or strategically important dual-use items. The aim of ownership is often to simplify transfer of military equipment or strategically important dual-use items for military end-use to the country concerned. As a result of intricate ownership relationships in the country in question, a potential foreign buyer may, for example, appear to be a private venture capital company without any link to the government, whereas there can be a concealed state military interest in the background. In response to the problems outlined, in 2019 the EU adopted Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union – see below under ‘Foreign direct investments’.

## **Ownership restriction and foreign ownership in the defence industry**

The defence industry is currently the only industry in Sweden covered by ownership restriction rules. The rules are set out in military equipment legislation. Under the provisions, the defence industry in Sweden today is relatively protected against acquisition by foreign companies that are undesirable on defence or security policy grounds.

Four of the five largest defence industry firms in Sweden today are foreign-owned by companies based in the United Kingdom, Norway and Finland. The acquisitions have been approved by the Government or the Inspectorate of Strategic Products in connection with an assessment of applications for manufacturing or supplier licences for the individual company, following an assessment of whether there are security and defence policy reasons to grant such a licence and whether it contravenes Sweden’s foreign policy.

## **New development, maintenance and upgrading of military equipment by the Swedish defence industry**

Apart from the major powers, there is no other country manufacturing military equipment that has the expertise or technical capability to surpass the high-tech quality, breadth and product range the Swedish defence industry can demonstrate with regard to platforms, sensors, command and control systems, protection and effect. The Swedish defence industry has the capability to manufacture and develop advanced combat aircraft, stealth warships (corvettes or derivatives of other warships), submarines (or other underwater crafts), combat vehicles, tracked vehicles, reconnaissance radar aircraft, advanced command and control systems,

advanced simulator systems, land- and sea-based radar systems, advanced missile systems and technologies for the systems mentioned.

An important national trend, closely associated with export controls in the past 20 years, is that the increase in technical capability of the Swedish defence industry over that period of time can be largely ascribed to exports of military equipment, i.e. international cooperation. The reason for this is to some extent that exports of military equipment have increased in the past two decades compared with the level of exports in the 1990s, but this is largely due to that orders to the defence industry from the Swedish Armed Forces, including allocation of resources for research and development, have significantly declined. A consequence of this is that over that period of time, the defence industry has to a greater extent committed significant financial resources to research and development of military equipment for the international market and no longer primarily for the Swedish market. The international activities of the defence industry now account for more than 50 per cent of the military equipment manufactured in Sweden. The political direction in Sweden is that Sweden's defence capability should increase significantly over the next ten years. Despite this, the ISP estimates that the defence industry's exports of military equipment will also account for around 50 per cent of the military equipment produced in the country over the next ten years. The reason for this is that not just Sweden but the rest of the world are substantially building up their military forces.

The Swedish defence industry invests a large share of its revenue in research and development (R&D). R&D relates to both maintenance and upgrades of existing military platforms, and new development of completely new military equipment systems. Maintenance, upgrading and new development of military equipment systems takes place

1. following an order placed by the Swedish Defence Materiel Administration or the Swedish Armed Forces
2. following an order placed by both the Swedish Defence Materiel Administration (or the Swedish Armed Forces) and one (or more) foreign armed forces, which has on occasion entered into an international agreement on collaboration on the new or upgraded military equipment system and engaged both Swedish and foreign industry,
3. following an order placed by foreign armed forces,
4. through self-funding by the defence industry or
5. through joint development between, and self-funding, by Swedish industry and foreign industry.

In the last two cases, there is often no pre-determined acquiring customer, and the project is instead self-funded by the industry, but the marketing is often initially focused on a particular armed force that has expressed interest in the equipment in question.



### **New EU Regulation on control of dual-use items**

A new EU Regulation on the control of dual-use items came into force on 9 September 2021. The new regulation includes provisions for enhanced control of cyber-surveillance technologies as well as emerging technologies and technical assistance. The new regulation also contains provisions on increased information-sharing between the Member States, the Council, the European Parliament and the Commission, increased transparency and new general licences. The EU Regulation involves new and expanded tasks for the ISP.

### **Assessment of licence applications in 2021**

Assessment of licence applications for dual-use items is based on foreign and security policy considerations, and mainly concerns whether the item can be assumed to be used, in the end-user country or after diversion to another country, to strengthen military potential in the country or in some other way be directly or indirectly used or diverted for a destructive purpose.

According to the EU legislation and the Swedish approach, the basic attitude towards exports of dual-use items is positive. In particular, this is reflected in the fact that transfers of dual-use items within the EU do not generally require licences, and that exports to a number of non-sensitive but important countries and export markets are covered by generous EU general licences. The aim of the exemption from the licence requirements and the general licences is that regulations should not unnecessarily restrict legitimate trade and technology transfers for civil and peaceful purposes. Licences are required from the ISP to export dual-use items to other countries.

A large proportion of the applications for export licences received by the ISP relate to less sensitive items for civilian end-users and for civilian end-use in non-sensitive countries. In these cases, the assessment of licence applications is generally relatively uncomplicated, and case management is usually prompt. In other cases, a more in-depth assessment is required. This primarily relates to applications for export licences to military end-users or for military end-use, applications to destinations that are sensitive from a security policy perspective or that relate to particularly sensitive items and technology, and applications to countries with a lack of respect for human rights where exports risk coming into conflict with Sweden's foreign policy objectives.

With regard to the assessment of licence applications in 2021, changes in the surrounding world, including the build-up of military forces taking place around the world and increased insecurity in the world, have resulted in an increase in the large number of complex cases requiring in-depth analysis before a decision is made. Changes in the world have led to many denials of applications for export licences in 2021.

## Cooperation with other authorities

The ISP has long had effective cooperation with other relevant government agencies in the field of non-proliferation. These consultations take place both through bilateral contacts with relevant government agencies and in various cooperation forums that include authorities working on non-proliferation issues.

Operationally focused cooperation at administrative level takes place within the Non-Proliferation and Export Control Group (ISEK) through regular meetings between the ISP and the National Defence Radio Establishment, the Swedish Armed Forces through the Swedish Military Intelligence and Security Service, the Swedish Security Service, the Swedish Defence Research Institute and Swedish Customs.

## Non-controlled products and technology

An important trend in Swedish and international export and investment control is the increased focus by many countries on detecting and identifying at an early stage non-controlled items and technologies that may be of crucial significance in a future military conflict.

Detecting and identifying Swedish companies that have civilian operations, but which include products that are attractive to the armed forces of other countries, without constituting controlled dual-use items, is very labour-intensive and complicated.

An example of such a company is a subcontractor of a defence industry company whose product may be several subcontractor levels down from the final product. Another example is companies that operate in the fields of emerging technologies, such as artificial intelligence (AI), quantum computers and quantum cryptography, nanotechnology and biotechnology, and whose products are not yet subject to export control.

To enable such Swedish companies to be detected and identified, interaction is necessary between several different authorities, where the ISP is one actor and the Swedish Armed Forces, the Swedish Defence Materiel Administration, the Swedish Defence Research Agency and the Swedish intelligence agencies are other actors.

In 2021, technical experts from the ISP, the Swedish Defence Research Institute, the Swedish Defence Materiel Administration and the Swedish Armed Forces continued their collaboration, which began in 2019 and is based on discovering and identifying emerging products and technologies that should be regarded as in greatest need of protection, as well as entities that develop and produce these in Sweden.

Most people are aware that artificial intelligence, quantum computers and biotechnology will be of enormous significance to the development of civil society. It is less well known that the areas of technology mentioned may also have a crucial impact militarily. The military benefit of the emerging technologies is so crucial that many commentators consider that whoever leads technological development in these areas in the future can also anticipate military superiority in certain vital respects.

A very important aspect, but one that is difficult to address under the international export control regimes that draw up the control lists of what

constitutes military equipment and dual-use items, will in future therefore be to demarcate the areas of emerging technologies so that the civil benefit of these is maximised without being unnecessarily hindered by export control, at the same time as the military benefit becomes subject to export controls.

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## Foreign direct investments

In August 2019, the Government decided to task an inquiry chair with submitting proposals for designing a Swedish system for reviewing foreign direct investments within areas worth protecting. The Government appointed Mr Sten Heckscher as inquiry chair. On 6 March 2020, the inquiry – named the Direct Investment Inquiry – submitted the interim report ‘Supplementary provisions to the EU Regulation on foreign direct investments’. This interim report proposed the introduction of a new act including provisions on the agency determined by the Government being the point of contact in accordance with the Regulation and that the point of contact should have certain specific authorities. On 2 July 2020, the Government decided to submit Government Bill 2019/20:193 Supplementary provisions to the EU Regulation on foreign direct investments to the Riksdag, with a proposal that a new act should come into force on 1 November 2020. The Riksdag decided on 30 September 2020 to adopt the Government’s proposed act with supplementary provisions to the EU Regulation on foreign direct investments.

On 4 June 2020, the Government appointed the ISP as the point of contact for the implementation of the new EU Regulation. The EU Regulation came into force on 11 October 2020. The point of contact remit has resulted in more than 500 cases of foreign direct investment in other EU countries being received by the ISP since 11 October 2020. Almost 20 per cent of these cases had an indirect or direct link to Sweden, such as a subsidiary operating here, which shows how integrated the economies of EU countries are.

The ISP considers the EU Regulation to be an effective tool for sharing information on current foreign direct investments in other EU countries. The ISP also believes that the EU Regulation effectively enables a Member State to influence the decision of another Member State to authorise or prohibit a direct investment in an individual case. Out of 27 EU countries, 18 have introduced national audit systems, and at least two more Member States – Belgium and Ireland – are expected to introduce national audit systems in 2022.

The Direct Investment Inquiry reported on its remit to the Government on 1 November 2021 (SOU 2021:87). The inquiry has presented a proposal for a Swedish foreign direct investment review system, proposing that it should enter into force on 1 January 2023. The inquiry has proposed that the ISP should be the authority responsible for reviewing foreign direct investments. The Government has circulated the report for comment, with responses due by 22 February 2022.

## International sanctions

The ISP is the relevant Government-appointed agency for considering licence applications within the sanction regimes for the Arab Republic of Syria, Belarus, the Democratic People's Republic of Korea, the Democratic Republic of Congo, Iran, Lebanon, Libya, Myanmar (Burma), Russia, Somalia, Sudan, South Sudan, Venezuela, Yemen and Zimbabwe. The ISP has main responsibility for answering questions about arms embargoes and prohibitions regarding equipment that might be used for internal repression, and responsibility for assessing applications for certain exemptions linked to such prohibitions.

### Iran

The Joint Comprehensive Plan of Action (JCPoA) for Iran's nuclear technology programme remains in force despite the United States' unilateral decision in 2018 to withdraw from the agreement. Negotiations on the United States' re-entry are ongoing. In the meantime, the United States' comprehensive national sanctions remain unchanged despite the partial change in the new administration's position. These sanctions partly also affect third countries, known as secondary effects, and thus continue to have a powerful braking effect on global trade with Iran. This primarily relates to the banking world's unwillingness to deal with financial transfers with Iranian links.

The sanctions that the EU continues to uphold against Iran under the plan of action remain unchanged and, as previously, involve a large number of items that are sensitive, in terms of distribution being covered by an obligation to obtain a licence. Despite the described situation and the ongoing pandemic, the number of cases received and dealt with during the year has been constant. The EU sanctions, combined with the uncertainty brought about by the American secondary sanctions, entail that the ISP continues to receive a significant number of applications and questions from Swedish actors.

### Russia

In addition to an arms embargo, the 2014 EU sanctions also included a ban in 2021 on the sale, supply, transfer and export to Russia of dual-use items if these items are or may be intended, wholly or partly, for military use or a military end-user. This ban still requires the ISP to carry out a more extensive assessment of all dual-use item cases to the country.

### Consultations at an early stage

As a result of the complexity of the sanction rules, the risk awareness of exporters and uncertainty over what applies with regard to new sanction regulations combined with a changing world, the ISP is often consulted before a company submits a licence application. The vast majority of the

questions received by the ISP are already answered during the initial contacts without a case needing to be initiated.

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## The Chemical Weapons Convention

The ISP is the national authority for Sweden's undertakings in accordance with the Convention, and the Inspectorate is obliged to attend routine inspections and submit declarations, and otherwise to convey information that Sweden is obliged to provide within its undertakings within the Convention.

The Organisation for the Prohibition of Chemical Weapons (OPCW) has set up an Investigation and Identification Team, with the remit of identifying those responsible for the use of chemical weapons in Syria. The team published its second report in 2021, identifying the Syrian military as being responsible for the Saraqib incident in February 2018.

After Syria was required in 2020 to take steps to comply with the undertakings of the Chemical Weapons Convention, the Conference of the States Parties decided in April 2021 to deprive Syria of its voting rights and the right to hold formal positions and roles within the OPCW, on the grounds that sufficient action had not been taken.

In 2021, the OPCW carried out an inspection at one (1) of the 24 facilities in Sweden that are subject to inspections. The ISP assisted the OPCW in this inspection.

## Selected regulations

### The Military Equipment Act

The Military Equipment Act (1992:1300) applies both to equipment designed for military use and that constitutes military equipment under government regulations and to technical support regarding such military equipment. In the Ordinance (1992:1303) on Military Equipment, the Government specified in more detail what is covered by the provisions of the Act. What constitutes military equipment under the Ordinance coincides with the EU's Joint Military List, with three national supplements. In addition, a distinction between military equipment for combat purposes and other military equipment is made. Military equipment for combat purposes means equipment with a destructive impact including sights for such equipment and fire control equipment. The holder of a licence to manufacture and supply military equipment is under the supervision of the ISP.

With effect from 1 February 1996, questions on whether to grant licences under the Military Equipment Act are examined primarily by the ISP, except in such cases where a matter is deemed to be of fundamental significance or otherwise of particular importance. In such a case, the matter must be handed over to the Government for a ruling. Licences may, however, be granted for these activities. Anyone who is authorised to manufacture and supply war material comes under the supervision of the Inspectorate for Strategic Products (ISP).

With effect from 1 February 1996, questions on whether to grant licences under the Military Equipment Act are examined primarily by the ISP, except in such cases where a matter is deemed to be of fundamental significance or otherwise of particular importance. In such a case, the matter must be handed over to the Government for a ruling. Consultation must take place with the Export Control Council before the ISP hands a case over to the Government. The Director-General of the ISP determines which cases are to be submitted to the Export Control Council before the decision is made.

### Swedish guidelines for exports of military equipment and other foreign cooperation

Under Section 1, second paragraph of the Military Equipment Act, licences for exports of military equipment may only be granted if there are security or defence policy reasons for doing so and provided there is no conflict with Sweden's international obligations or Swedish foreign policy. The principles applied when examining licence applications were established on the basis of government practice and were detailed in the Government's guidelines for the export of military equipment and other foreign cooperation, approved by the Riksdag (cf. 1991/92:174 pp. 41–42, Govt Bill 1995/96:31 pp. 23–24 and Govt Bill 2017/18:23). The complete text of these guidelines is provided below.

On 15 April 2018, revised guidelines for military equipment exports were adopted. The full text of the Swedish guidelines (Govt Bill 2017/18:23 pp. 66–68) reads as follows:

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When assessing licences for exports of military equipment or for other cooperation with foreign partners involving military equipment, the following should apply:

A licence should only be granted if the export or cooperation:

1. is needed in order to meet the Swedish Armed Forces' requirements for equipment or expertise, or there are other security policy reasons for granting it, and
2. is not incompatible with the principles and objectives of Sweden's foreign policy.

When considering a licence application, a holistic assessment of all relevant circumstances shall be made, with the basic principles mentioned above as the point of departure.

In terms of foreign policy, there are no obstacles to cooperation with, or exports to, the Nordic countries, the member states of the European Union or the traditionally non-aligned countries in Europe. In principle, cooperation with these countries may be considered consistent with Sweden's foreign and security policy.

A licence may only be granted to a government, a government authority or a government-authorised recipient. Furthermore, exports of military equipment require an end-user certificate, unless this is not necessary. A state which, in contravention of an undertaking to Sweden, has allowed – or failed to prevent – re-export of Swedish military equipment will in principle not be eligible to receive such equipment from Sweden as long as these circumstances remain.

Licences for exports or for other cooperation with foreign partners under the Military Equipment Act shall not be granted if this would contravene an international agreement to which Sweden is a party, a decision by the UN Security Council, the Organisation for Security and Cooperation in Europe (OSCE) or the European Union, or international legal rules concerning exports from neutral states in times of war (unconditional obstacles).

Respect for human rights and the democratic status of the recipient country are central assessment requirements. The weaker the democratic status the less scope for granting a licence. Serious and extensive human rights violations or grave deficiencies in the recipient country's democratic status constitute obstacles to granting a licence.

The licencing assessment shall also take into account whether the export or cooperation runs counter to equitable and sustainable development in the recipient country.

Licences should be granted for exports of equipment classified as other military equipment. This presumption applies if the recipient state is not involved in an armed conflict with another state or subject to internal armed unrest, if no serious and extensive human rights violations are taking place in the recipient state, if there are no grave deficiencies in the recipient state's democratic status, and if there are no unconditional obstacles.

An export licence that has been granted shall be revoked if an unconditional obstacle arises. A licence should also be revoked if the recipient state becomes involved in an armed conflict with another state or becomes subject to internal armed unrest. Exceptionally, it should be possible to forego the revocation of a licence in the latter two cases, if consistent with the international legal rules and the principles and objectives of Swedish foreign policy.

Licences should be granted for exports of spare parts for military equipment previously exported or transferred under a licence, provided there are no unconditional obstacles. The same should apply to special ammunition for previously supplied military equipment and other deliveries directly correlated with previously supplied military equipment. Follow-on deliveries shall be assessed on a case-by-case basis in accordance with the above-mentioned requirements.

Exports to the partner country under the agreement should be permitted unless an unconditional obstacle arises. The same should apply to special ammunition for previously supplied military equipment and other deliveries directly connected to previously supplied military equipment. Follow-on deliveries shall be assessed on a case-by-case basis in accordance with the above-mentioned requirements.

Regarding agreements with a foreign partner on the joint development or manufacture of military equipment, the basic criteria mentioned above are to be applied when licence applications are assessed. Exports to the partner country under the agreement should be permitted unless an unconditional obstacle arises. Exports from a partner country to a third country under the agreement should be assessed by weighing together the Swedish interest of the cooperation, the interest of maintaining responsible export controls, and the Swedish contribution's importance for the equipment or the cooperation.

In cases involving more extensive and, for Sweden, more important international partnerships in the field of military equipment, an intergovernmental agreement should be concluded between Sweden and the partner country. The Advisory Council on Foreign Affairs should be consulted before such agreements are concluded.

## Overriding criteria and assessment criteria

The guidelines have broad parliamentary support and are used by the ISP when assessing export licence applications in accordance with the Military Equipment Act and the Military Equipment Ordinance.

In addition to the guidelines themselves, international commitments Sweden has made and is bound by are also considered. These are, first and foremost, the EU Common Position (2008/944/CFSP) on arms exports and Articles 6 and 7 of the UN Arms Trade Treaty, but may also include other commitments, for example not to export anti-personnel mines under the Ottawa Convention.



# Regulation of the European Parliament and of the Council implementing Article 10 of the UN Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition

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The Ordinance (2013:707) on the control of certain firearms, their parts and ammunition, and including certain amendments to the Military Equipment Ordinance (1992:1303) came into force on 30 September 2013.

The Ordinance and the amendments to the Military Equipment Ordinance complement Regulation (EU) No 258/2012 of the European Parliament and of the Council of 14 March 2012 implementing Article 10 of the United Nations' Protocol against the illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, supplementing the United Nations Convention against Transnational Organised Crime (UN Firearms Protocol), and establishing export authorisation, and import and transit measures for firearms, their parts and components and ammunition, which regulates licences to export civilian firearms, their parts and ammunition outside the EU, as well as certain import and transit measures for such exports. A list of the firearms, their parts and essential components and ammunition that are subject to control is contained in an annex to Regulation 258/2012.

The ISP is the licensing authority under the Ordinance.

## Regulation (EU) 2021/821 of the European Parliament and of the Council setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items

### **Common EU legislation**

In 2021, the European Parliament and the Council adopted Regulation (EU) 2021/821 of the European Parliament and of the Council setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (the Dual-Use Regulation). The Regulation came into force on 9 September 2021, replacing an EU regulation from 2009, Council Regulation (EC) No 428/2009. The scope of control was extended to cover the export of unlisted cyber-surveillance products and the provision of technical assistance. A mechanism was also introduced that enables licensing requirements to be imposed based on other Member States' national control lists, as well as two new general EU licences: intra-group transfer of software and technology, and encryption. Unlike the international export control regimes, the Regulation is legally binding for Sweden and all other EU Member States. The purpose is to establish free movement of controlled products within the internal market while ensuring that the various national systems to achieve effective

control of exports to third countries are harmonised between Member States.

The Regulation unites Member States' undertakings within the scope of the international export control regimes with the greatest possible freedom of movement of goods within the internal market. Developments within the regimes are considered through annual amendments and updates of the item lists included in the Regulation. The annexes to the Regulation have direct effect at a national level.

The assessment of licence applications is facilitated by the inclusion of common assessment criteria in the Regulation. However, licences are granted at the national level (see below). There are also general community licences for exports of certain products to certain specified third countries. This type of licence facilitates the work of exporting companies in that the same licence can be invoked regardless of where in the EU the exports originate.

### **Swedish legislation**

In Sweden, the EU Regulation is complemented by the Dual-Use Items and Technical Assistance Control Act (2000:1064) and Ordinance (2000:1217). Both statutes came into force on 1 January 2001. With regard to the revised EU Regulation (see above), a ministerial memorandum has been produced with proposals for Swedish statutory amendments – see the Government Offices (Ministry for Foreign Affairs) report Ds 2021:32 'Strengthened control of dual-use items' for further details. The memorandum proposes that the amendments should enter into force on 1 August 2022.

In contrast to the military equipment legislation, where export licences represent exceptions to a general prohibition on exports, the reverse is true under the regulations governing the controls of dual-use items. The starting point here is that an export licence should be granted unless an overall assessment shows grounds for refusing the application. In such an assessment, 'all relevant aspects' must be taken into account. For further details, see Regulation (EU) 2021/821 Art. 15.

Licences are required for exports, transfers and brokering of dual-use items. The ISP is the licensing authority. However, the Swedish Radiation Safety Authority (SSM) provides licences that apply to nuclear materials etc. included in category 0 in Annex I of the EU Regulation.

The Dual-Use Items and Technical Assistance Control Act lacks specific rules on opportunities to receive preliminary decisions regarding whether an export licence will be provided for any potential export of dual-use items to a specific destination. However, a practice has been developed that involves the ISP providing companies with preliminary decisions.

### **The catch-all clause**

Under Article 4 of Regulation (EU) 2021/821, a licence may also be required for exports of items that are not specified in the annexes to the Regulation (non-listed items) if the exporter has been informed by the Swedish authorities that the item is or may be entirely or partly intended

to be used in connection with the production etc. of weapons of mass destruction or missiles that are capable of delivering such weapons. This catch-all clause has been included to prevent the regulations from being circumvented because, on account of rapid technological developments, the lists are rarely fully comprehensive.

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For the catch-all clause to be applicable, the exporter must have been informed of the item's area of use by the Swedish authorities. However, if the exporter is aware that an item is entirely or partly intended for uses regulated in Articles 4(1) to 4(3) of the EU Regulation, they are required to report this to the Swedish authorities. The ISP or the SSM will then determine whether a licence is required for the export.

In certain cases, the catch-all clause also contains special licensing requirements for exports related to military end-use or military equipment and for exports of non-listed items that are or may be intended for military end-use in a country subject to a UN, EU or OSCE embargo, as well as for non-listed items that are or could be intended for use as parts or components for illegally exported military equipment.

## Abbreviations

|           |  |
|-----------|--|
| AG        | Australia Group  |
| ATT       | Arms Trade Treaty  |
| BTWC      | The Biological and Toxic Weapons Convention                  |
| CARD      | Coordinated Annual Review on Defence                         |
| CEDAW     | Committee on the Elimination of Discrimination against Women |
| COARM     | Council Working Group on Conventional Arms Exports           |
| CoCom     | Coordinating Committee on Multilateral Exports Controls      |
| CONOP     | Council Working Group on Non-Proliferation                   |
| CWC       | Chemical Weapons Convention                                  |
| DUCG      | Dual-Use Coordination Group                                  |
| EDA       | European Defence Agency                                      |
| EDF       | European Defence Fund  |
| EC        | European Community   |
| EU        | European Union   |
| FMV       | Swedish Defence Materiel Administration                      |
| UN        | United Nations   |
| FOI       | Swedish Defence Research Agency                              |
| CFSP      | EU Common Foreign and Security Policy                        |
| IAEA      | International Atomic Energy Agency                           |
| ISP       | The Inspectorate of Strategic Products                       |
| JCPoA     | Joint Comprehensive Plan of Action                           |
| KM        | Military equipment   |
| MEC       | Military equipment for combat purposes                       |
| LoI       | Letter of Intent   |
| MANPADS   | Man-Portable Air Defence Systems                             |
| ML        | Military list  |
| MTCR      | Missile Technology Control Regime                            |
| NATO      | North Atlantic Treaty Organization                           |
| NL        | National additions, where applicable                         |
| NORDEFECO | Nordic Defence Cooperation                                   |
| NPT       | Non-proliferation treaty                                     |
| NSG       | Nuclear Suppliers Group                                      |
| OECD      | Organisation for Economic Co-operation and Development       |
| OSCE      | Organisation for Security and Cooperation in Europe          |
| PESCO     | Permanent Structured Cooperation                             |
| PDA       | Dual-Use Items   |
| SCB       | Statistics Sweden  |
| SOFF      | Defence Innovation Sweden                                    |
| SSM       | Swedish Radiation Safety Authority                           |
| SÖ        | Swedish treaty series  |
| WA        | Wassenaar Arrangement  |
| WPDU      | Working Party on Dual-Use Goods                              |
| ZC        | Zangger Committee  |
| OME       | Other military equipment                                     |

## Guide to other sources

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Appendix 6

Australia Group: [www.australiagroup.net](http://www.australiagroup.net)

European Parliament: [www.europarl.europa.eu](http://www.europarl.europa.eu)

Council of the European Union: [www.consilium.eu](http://www.consilium.eu)

European Union: [www.europa.eu](http://www.europa.eu)

Export Control Council: [www.isp.se/om-isp/vara-rad/exportkontrollradet](http://www.isp.se/om-isp/vara-rad/exportkontrollradet)

United Nations: [www.un.org](http://www.un.org)

Action plan for business and human rights:

<https://www.regeringen.se/informationmaterial/2015/08/handlingsplan-for-foretagande-och-manskliga-rattigheter/>

Human Development Report 2021: [www.hdr.undp.org](http://www.hdr.undp.org)

International Atomic Energy Agency: [www.iaea.org](http://www.iaea.org)

Inspectorate of Strategic Products: [www.isp.se](http://www.isp.se)

Missile Technology Control Regime: [www.mtcr.info](http://www.mtcr.info)

Nuclear Suppliers Group: [www.nuclearsuppliersgroup.org](http://www.nuclearsuppliersgroup.org)

Organisation for the Prohibition of Chemical Weapons: [www.opcw.org](http://www.opcw.org)

Organisation for Security and Cooperation in Europe: [www.osce.org](http://www.osce.org)

Stockholm International Peace Research Institute: [www.sipri.org](http://www.sipri.org)

Swedish Radiation Safety Authority: [www.ssm.se](http://www.ssm.se)

Swedish Export Control Society: [www.exportkontrollforeningen.se](http://www.exportkontrollforeningen.se)

Swedish Ministry for Foreign Affairs: [www.ud.se](http://www.ud.se)

Wassenaar Arrangement: [www.wassenaar.org](http://www.wassenaar.org)

Zangger Committee: [www.zanggercommittee.org](http://www.zanggercommittee.org)