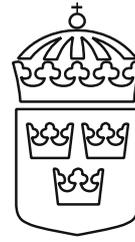


Government Communication

2019/20:114



Strategic Export Controls in 2019 – Military Equipment and Dual-Use Items

Comm.
2019/20:114

The Government submits this Communication to the Riksdag.

Stockholm, 9 April 2020

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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 2019. The Communication also contains a report detailing exports of military equipment during the year. In addition, it describes the cooperation in the EU and other international fora on matters relating to strategic export controls on 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 2019, i.e. the export controls on military equipment and dual-use items. The term dual-use items (DUIs) 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 both our national objectives and our 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 Common Position on Arms Exports, 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-sixth time that the Government has reported on Sweden's export control policy 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.

Further improvements have been made in this year's communication, in accordance with the Government Bill Stricter Export Controls of Military Equipment (Govt Bill 2017/18:23), which was based on the final report Stricter Export Controls of Military Equipment (SOU 2015:72) of the parliamentary all-party Committee for Military Equipment Exports (KEX). As part of the effort to improve openness and transparency in the area of export controls, more detailed information is presented on the

partnership agreements that licence holders are obliged to report annually, as well as on Swedish ownership of foreign legal entities active in the area. In addition, several tables contain a comparison with previous years.

This Communication consists of three parts and a section on statistics. The first part contains an account of Swedish export controls on military equipment. The second part deals with Swedish export control on dual-use items. In the third part, the Government presents the authorities responsible for this area. Then follow annexes containing statistics covering Swedish exports of military equipment and dual-use items. 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

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.

2019 was an important year for the ISP to follow up and continue to implement the stricter and modernised Swedish regulatory framework for exports of military equipment, Stricter Export Controls of Military Equipment (Govt Bill 2017/18:23), which with broad parliamentary support came into effect in April 2018. Further information on the regulatory framework is presented in Chapter 2 and Annex 4.

In October 2019 the Government appointed a new export council, the Export Control Council (ECC). Under the terms of the KEX Bill, deputy members were also assigned for the first time.

Preparation of a proposal to introduce more systematic post-shipment controls (verification visits) abroad of exports of light weapons from Sweden continued during the year at the Government Offices of Sweden. Such controls can be a valuable complement to strict licence assessment in counteracting diversion of military equipment to a non-intended recipient.

The review by EU Member States of the implementation of the EU's Common Position on exports of military technology and equipment (2008/944/CFSP) and its user guide was completed in 2019. The review led to the Common Position being updated through a Council decision in September (CFSP 2019/1560). The updates reflect a number of international changes in the area of export controls that have taken place since the Common Position was introduced in 2008. In addition, the user guide that is available to support interpretation of the position's criteria was updated. Among other things, Sweden pressed for texts on democracy to be inserted into the sections of the user guide concerned with 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 at three places in the revised user guide.

The rules for export control of dual-use items are common to the EU Member States. The work of the Working Party on Dual Use Goods (WPDU) was dominated in 2019 by continued negotiations on the

Commission's proposal for a revision of the Council Regulation (EC) No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items (the Dual-Use Regulation). An area to which particular attention was paid during these negotiations was a new EU-autonomous control list of items that can be used for IT surveillance. In December 2019 the Wassenaar Arrangement, which is an international export control regime with 42 participating states, decided to incorporate some of these items into its control list, and consequently also into the EU control list. The decision was based on a proposal by Sweden, among others.

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. It became clear during 2019 that ever-accelerating development in emerging technologies, for example artificial intelligence (AI), quantum computers and biotechnology, is making this work increasingly crucial. 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 home, for example through strengthened collaboration between government agencies, and internationally through cooperation with other countries in the various export control regimes.

In activity under the Arms Trade Treaty, Sweden continued in 2019 to be responsible for a sub-working party concerned with implementation of Articles 6 and 7 of the Treaty. Sweden has also continued to support implementation of the Treaty by the states parties and to promote further accession to the Treaty through voluntary contributions to the funds that exist to support implementation and to the CSO coalition Control Arms. The Arms Trade Treaty had 105 states parties at the end of 2019.

The so-called January Agreement, which is a policy agreement between the Social Democratic Party, the Centre Party, the Liberals and the Green Party, expresses a position in principle not to approve arms export deals with non-democratic countries that take part militarily in the Yemen conflict for as long as the conflict continues. Government policy in this area corresponds to the position expressed in the January Agreement, and during the year the Government assessed cases on the basis of the applicable export control regulatory framework.

Summary of the statistical data

Combined statistics on licence approval and on Swedish exports of military equipment and dual-use items (DUIs) are presented in two annexes to this communication.

Activity related to military equipment in 2019 is 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 2019, 261 companies, authorities and private individuals held licences for manufacturing or brokering of military equipment. The number of licence holders has thus increased by just over 40 per cent in two years. One reason for this is that amendments to the Military Equipment Act

mean that some further activities require brokering licences. The increase relates principally to operators who provide military equipment to government agencies and to sub-contractors of system manufacturers of military equipment.

Fifty-eight countries, as well as the EU, received deliveries of military equipment from Sweden in 2019. Four of the countries received only hunting and sport shooting equipment (Andorra, Malta, Namibia and Zambia).

The value of military equipment exports in 2019 was just under SEK 16.3 billion. The value of exports consequently increased by just over 40 per cent in comparison with the previous year. The increase applied to exports both to established partner countries and to the rest of the world. The percentage breakdown between different regions has remained relatively stable over the past five years.

By far the largest recipient country for Swedish military equipment in 2019, as in the two previous years, was Brazil (just over SEK 3 billion). This value is principally made up of continued deliveries under the Jas Gripen project. Alongside Brazil, the most significant recipient countries during the year were the United States (SEK 1.71 billion) the United Arab Emirates (SEK 1.36 billion), Pakistan (SEK 1.35 billion) and India (SEK 893 million). The United States received a number of different types of equipment, including further naval artillery systems and rocket-propelled grenade systems. By far the greater part of the value of exports to the United Arab Emirates related to supplementary acquisition of airborne radar (Globaleye). An export licence for the transaction was granted in 2016. No new export deals for the country have been approved since 2017. With regard to Pakistan, by far the greater part of the export value was made up of a follow-on delivery relating to airborne radar (Erieye). Further rocket-propelled grenade ammunition and a large number of components for military equipment were delivered to India.

Around 70 per cent of exports in 2019 went to countries that are established recipients for Sweden. Exports to countries in the Middle East and North Africa concerned follow-on deliveries of other military equipment. No new export deals for Saudi Arabia have been approved since 2013. Other military equipment was delivered to Turkey to a value of SEK 41.5 million. These deliveries took place before the ISP decided on 15 October 2019 to revoke all current export licences for sale of military equipment to Turkey. Ahead of the decision, the Government had declared that Turkey's military operation in Syria contravened the rules of international law and the UN Charter.

The value of the export licences granted in 2019 amounted to just over SEK 13.5 billion, which is an increase of 4 per cent compared with 2018. The value of granted licences gives only a preliminary indication of future exports, but the clear increase in 2019 suggests that the value of exports will be relatively high over the next few years.

Over half the value of licences in 2019 (SEK 7.8 billion) related to exports to other EU countries. Finland was the single largest recipient country in terms of value of licences (just over SEK 4 billion). The next highest value related to the United States (SEK 2.48 billion)

The licensing of dual-use items is presented in *Annex 2*. Unlike 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 DUI exports are not included in the statistics.

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The number of granted export licences relating to dual-use items increased in 2019 in comparison with the previous year. Most granted licences related to China, followed by Russia, India, the United States and South Korea. China was also the country that was the object of most denials.

2 Military equipment

2.1 Background and regulatory framework

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. 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 and defence policy reasons for doing so, and provided there is no conflict with Sweden's international obligations or Swedish foreign policy in general. Sweden's international obligations also must be taken into account in the examination of applications for licences. This includes Council 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. The ISP as an independent authority, is tasked with assessing licence applications independently in accordance with the whole regulatory framework.

Under the Military Equipment Act, export controls cover the manufacture, supply and export of military equipment, as well as certain agreements on cooperation and rights to manufacture such equipment. In accordance with the same Act, a licence is required to carry out training with a military purpose. 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.

Stricter export control of military equipment

2019 was an important year for the ISP to follow up and continue to implement the stricter and modernised Swedish regulatory framework for exports of military equipment, Stricter Export Controls of Military Equipment (Govt Bill 2017/18:23 “the KEX Bill”), which with broad parliamentary support came into effect on 15 April 2018. The background to the stricter regulatory framework is that development over recent decades in the areas of foreign, security and defence policy has led to changes in the circumstances for and requirements to be met in Swedish military equipment export controls. The stricter regulatory framework largely reflects the proposals submitted by the parliamentary Supervisory Committee for Military Equipment Exports in its final report (SOU 2015:72). It follows from the amended regulatory framework that the democratic status of the recipient country should be a key condition in assessment of licence applications. The worse the democratic status, the less scope there is for licences to be granted. If serious and extensive violations of human rights or severe deficits 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 counteracts sustainable development in the recipient country. In addition, the principles for follow-on deliveries and international partnerships have been clarified. Furthermore, the changes mean strengthened supervision, sanction charges for certain contraventions of the rules and greater openness and transparency on issues relating to military equipment exports.

The day-to-day work of the ISP has been dominated by the agency’s remit to implement the extensive statutory amendments to the military equipment legislation and to apply the Swedish guidelines on exports and other cooperation with foreign partners. Defence and security policy reasons in favour of exports, including follow-on deliveries and international collaboration, are in individual cases set against such foreign policy reasons against exports, such as democratic status and respect for human rights in the country in question, which may exist in individual cases. In accordance with the regulatory framework, an overall assessment is always made of the circumstances existing in the individual case.

As highlighted above, in October 2019 the Government appointed new members of the Export Control Council (ECC). Deputy members were also assigned for the first time in order to improve openness and transparency in parliamentary participation in the decision-making process.

Export controls and the Policy for Global Development

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One of the Government's explicit aims has been to strengthen work on the Policy for Global Development (PGD, Govt Bill 2002/03:122, Report 2003/04:UU3, Riksdag Communication 2003/04:122). The Policy for Global Development has been relaunched in light of the fact that the 2030 Agenda for Sustainable Development was adopted internationally in 2015. The 2030 Agenda contains a declaration, 17 Sustainable Development Goals and 169 sub-goals. Implementation of the 2030 Agenda requires consensus to be strengthened between different policy areas, with the aim of increasing the contribution of combined policy to fair and sustainable development. Synergies must be strengthened and conflicting goals should be clarified and be the subject of conscious and considered choices. The Policy for Global Development is based on the idea that political decisions taken in Sweden often have a global impact, and before decisions are made they should be scrutinised and assessed from a rights perspective and the perspective of poor people.

The three dimensions of sustainable development, economic, social and environmental, have become an ever-more important part of work on the Policy for Global Development through the adoption of the 2030 Agenda. Key principles continue, however, to be the rights perspective and the perspective of the poor on development.

In March 2019, the 2030 Agenda delegation submitted its final report, *Agenda 2030 och Sverige: Världens utmaning – världens möjlighet* (SOU 2019:13) (The 2030 Agenda and Sweden: The World's Challenge – the World's Opportunity (SOU 2019:13) to the Government with proposals for Sweden's continued implementation of the 2030 Agenda for Sustainable Development. Among other things, a Riksdag-based goal to bring about a long-term approach and achieve the broadest possible political endorsement is proposed. Consensus for sustainable development in administration is an area that has been highlighted by the delegation. The final report has been sent out for comment, and there is support for clearer governance and a long-term parliamentary goal. The Government therefore intends in the summer of 2020 to present a policy bill to the Riksdag on the 2030 Agenda, including an enhanced consensus policy based on the Policy for Global Development.

The Government's desire is to avoid Swedish exports of military equipment that negatively affect efforts to contribute to equitable and sustainable global development. This takes place mainly through it having to be considered in assessment of licence applications whether the export or foreign collaboration counteracts fair and sustainable development in the recipient country (Govt Bill 2017/18:23) and 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 conducting a feminist foreign policy, the Government is endeavouring systematically to achieve outcomes that strengthen the rights, representation and resources of women and girls. The Government puts

strong emphasis on preventing and counteracting gender-based and sexual violence in conflicts and in communities in general. An important part of this work is the strict control of exports of military equipment from Sweden.

There is often a correlation between accumulations 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 the stockpiling of such equipment.

Sweden, together with other countries, successfully pressed for introducing 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. In line with its policy, the Government is now actively working for these issues to continue to be highlighted and followed up in work on the Treaty. Sweden is arguing among other things for Article 7(4) of the Arms Trade Treaty to be put into operation and applied in practice by the states parties. The Treaty provides in this article that the states parties have to 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 women or against children.

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's 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. The Government Offices of Sweden continuously endeavours to ensure that the ISP 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 prepared a new, ambitious sustainable business policy. In December 2015, a communication was presented to the Riksdag containing the Government's view on a number of issues in relation to sustainable business, for example human rights, working conditions and environmental concerns (Policy for Sustainable Enterprise, Government Comm. 2015/16:69). A national action plan has also been developed for enterprise and human rights. The Government launched a platform for international sustainable business in 2019. In this platform the Government provides a collective description of what it is doing in relation to sustainable business and what ambitions there are. There is a clear expectation on the part of the Government that Swedish companies will act sustainably and responsibly and base their work on the international guidelines for sustainable enterprise, both at home and abroad. A number of measures have been taken to encourage and support companies in their work on sustainability. Among other things, new legislation on

sustainability reporting for large companies, clearer criteria for sustainability in the Public Procurement Act and stronger legal protection for whistleblowers have been introduced. Comm. 2019/20:114

Anti-corruption is a key issue in the Government's more ambitious policy for sustainable enterprise. 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. 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.

The penal provisions can also be assumed to be significant for the international defence equipment market.

In various international fora, Sweden actively promotes the effective application of conventions prohibiting bribes in international business transactions. For example, this applies to the 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. The largest Swedish trade association, the Swedish Security and Defence Industry Association (SOFF), which represents more than 95 per cent of companies in the defence industry 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 Defence Materiel Administration (FMV). To date, 4 650 individuals have undergone this training. SOFF also arranges annual experience swapping sessions between senior managers on high business ethics standards, in which the Swedish Anti-Corruption Institute is among the participants.

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. Sweden's policy of neutrality, as drawn up following the Second World War, relied on a total defence system with a strong defence force and a strong national defence industry. The ambition 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 will present a proposal for a new defence resolution in autumn 2020, based on the proposals in the Defence Commission's report *Värnkraft – Inriktningen av säkerhetspolitiken och utformningen av det militära försvaret 2021–2025 (Ds. 2019:8)* (Resilience – The Focus of Security Policy and the Design of Military Defence 2021–2025 (Ds. 2019:8)). The Commission notes 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.

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. In many cases this is at least as important as the equipment being of the highest level of technical performance. It is in Sweden's security policy interest to safeguard long-term and continuous cooperation on equipment issues with a number of traditional partner countries. This mutual cooperation is based on both exports and imports of military equipment.

In the Budget Bill for 2016 (Govt Bill 2015/16:1), the Government emphasises that the armed forces are a national concern, and that the choice of security arrangements made by EU Member States is reflected in equipment supply, e.g. regarding the view of security of supply and the maintenance of strategic competence for military capacities. The continued work on industry and market issues within the EU should therefore consider the distinctive nature of the military equipment market, and the need to meet the security interests of the Member States within the framework of the common market. The possibility of maintaining the transatlantic link should also be considered in this context.

The Government further believes that participation in bilateral and multilateral equipment cooperation should make a clear and cost-effective contribution to the Swedish Armed Forces' operative capability.

As civilian-military collaboration increases and new technologies are made available for military applications, growing numbers of IT companies and other high-technology companies deliver products and services to the defence sector.

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.

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The meeting of the European Council in June 2015 re-confirmed the importance of continuing to work on the basis of the European Council's discussion in December 2013 on Common Foreign and Security Policy. Particular emphasis was given to the importance of strengthening the competitiveness of the European defence industry. A new level of ambition for Common Foreign and Security Policy was adopted at the meeting of the European Council in December 2016. The Council welcomed the Commission's proposals on a European action plan in the area of defence as its contribution to the development of European security and defence policy. In 2017 Permanent Structured Cooperation (PESCO) on defence cooperation, a test round of the Coordinated Annual Review on Defence (CARD) was established within the EU, and the negotiations on a new European Defence Fund (EDF), Its two test programmes in the form of the European Defence Industrial Development Programme (EDIDP) and the Preparatory Action for Defence Research continued in 2019.

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.

By taking part in the Six-Nations Initiative between the six major defence industry nations in Europe (Framework Agreement/Letter of Intent, FA/LoI), Sweden can be involved in and influence the defence industry and export policy being developed in Europe. This will have a major impact on the emerging common defence and security policy in Europe, both directly and indirectly.

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, the EDA and NATO's Partnership for Peace, together with the FA/LoI 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 (e.g. 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 controls on military equipment

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 some extent to coordinate their export control policies. The EU Code of Conduct on Arms Exports, adopted in 1998, contains 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 buyer 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 buyer 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

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 and 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 span 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 attain 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.

The review by COARM of the implementation of the EU's Common Position on exports of military technology and equipment and its user guide (in accordance with Council Conclusions 10900/15) was completed in 2019. Because it was ten years since the position came into effect, work on reviewing the implementation of the position and its user guide began in 2018. The review led to the Common Position being updated through a Council decision in September 2019 (CFSP 2019/1560). The updates reflect a number of changes in the area of export controls that have taken place since the Common Position was introduced in 2008. This applies to changes at both the EU and international levels, among other things in the form of the Arms Trade Treaty, the 2030 Agenda for Sustainable Development 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, it is noted that revisions have been made to the user guide that is available to support interpretation of the position's criteria. During the review activity, Sweden pressed for texts on democracy to be inserted into the chapter of the user 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 at three places in the revised user guide associated with the EU Common Position.

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 additionally pursues an active policy of dialogue with third countries on export controls. In this context, exchanges took place in 2019 with Canada, Norway, Ukraine and the United States.

Another aspect of the work aimed at third countries (outreach) is the support programmes the EU has in order to improve export controls with respect to military equipment, and to promote implementation of the UN 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 226 denial notifications from other Member States and Norway in 2019. Sweden submitted 19 denial notifications and two revocation of licence notifications. The denials concerned Egypt, Jordan (2), the Philippines (4), Qatar (3), Saudi Arabia (3), Thailand (1), Turkey (3) and the United Arab Emirates (2). All 19 denials were decided with reference to the Swedish national guidelines.

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 on arms exports 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 another Member State is considering granting a licence for an essentially identical transaction, consultations are to take place before a licence can be granted. The consulting Member State also has to inform the notifying 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 transactions that are refused, and explaining the grounds for such refusal,

reduces the risk of another Member State approving the export. The ISP is responsible for notifications of Swedish denials and arranges consultations. Comm. 2019/20:114

Sweden received four consultation enquiries from other EU Member States in 2019. No consultation was 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 implementation of the Directive with the assistance of a committee of Member State representatives, the ICT Committee. The committee did not hold any meetings in 2019.

The Commission continued its review of the Directive in 2019 in accordance with its Article 17. As part of this work, the ICT Committee organised a technical working group to develop a basis for harmonising the implementation of the Directive at national level. To this end, the working group held one working meeting with representatives of the EU Member States.

Article 10 of the UN Firearms Protocol

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 civilian 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, antique firearms and collectors or other entities 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 encompassed, 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 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 licences in accordance with the EU Regulation. In 2019, 242 cases were received by the ISP and 237 export decisions were issued.

Arms embargoes etc.

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 the Russian Federation, 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, that arms embargoes apply to Afghanistan, Belarus, the Central African Republic, the Democratic Republic of Congo, Iran, Iraq, Lebanon, Libya, Myanmar (Burma), North Korea, the Russian Federation, Somalia, South Sudan, Sudan, 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. 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.

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 and is updated regularly. This website

provides a country-by-country account of arms embargoes or embargoes on dual-use items that are in force. It also contains links to EU legal acts covering sanctions and, where applicable, the UN decisions that have preceded the EU measures.

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2.4 Other international cooperation on export control of military equipment

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 (SALW). Particular importance is now attached to Man-Portable Air Defence Systems (MANPADS), which have been included in the category of missile launchers since 2003. 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 Register for 2019 will include exports of the armoured all-terrain vehicle BvS10 to Austria and exports of the RBS 70 portable air defence system to Brazil, Lithuania and Singapore. 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 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 a) countries that regularly produce and export military equipment taking greater responsibility; b) a reduction in unregulated international trade, as more states accede and introduce controls; c) better opportunities to counteract the illegal trade, through the increased number of countries that exercise control and through improved cooperation between them.

All the EU Member States have since ratified the Treaty and are therefore full states parties to it. The Treaty entered into force in 2014. At the end of 2019, 105 states had ratified the Arms Trade Treaty and a further 33 had signed it. The United States announced in April 2019 that it no longer intended to ratify the Arms Trade Treaty and that it was withdrawing its previous signature.

The fifth Conference of States Parties to the ATT was held in 2019. 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 support to those states parties needing help in improving their control systems.

Sweden coordinated work in the area of reporting from 2014–2017. In 2019, Sweden was what is known as a facilitator for issues concerning implementation of Articles 6 and 7 of the Treaty (on prohibition and export assessment respectively), as well as continuing to take part in other working groups and the Voluntary Trust Fund steering group. Sweden was also offered a seat on the advisory group on reporting and transparency issues.

EU Member States continued in 2019 to coordinate their actions concerning the ATT in the Council working group COARM.

Sweden is one of the major contributors to the ATT's Voluntary Trust Fund and also contributes to the UN Trust Facility Supporting Cooperation on Arms Regulation (UNSCAR), which was set up previously, including for projects that support the implementation of the ATT. The two funds complement each other in that they are focused on different support channels.

The Government attaches great importance to a widespread adoption and effective implementation of the ATT. 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 continued work aimed at realising the objectives of the Treaty.

Small arms and light weapons (SALW)

The expression 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 fora 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.

In 2001, the United Nations adopted a programme of action (UNPoA) to combat the illegal trade in small arms and light weapons. The aim of the UN's work is to raise awareness about the destabilising effect small arms and light weapons have on regions suffering from conflict. Non-proliferation is also important in combating criminality and, in particular, terrorism. As a result of the entry into force of the ATT, and as the number of states parties to it grows, efforts under the UN programme of action will be able to benefit from greater control of international trade and focus on measures at national level to combat the illegal proliferation of SALW.

Work within the EU 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.

The OSCE Ministerial Council in 2018 adopted a declaration on the organisation's work on standardisation and good approaches to combating illegal proliferation of small arms and light weapons and safe stockpiling of ammunition. Work in the OSCE in 2019 was primarily aimed at improving the organisation's efforts against small arms and light weapons.

During the year, Sweden reported exports of small arms and light weapons to the UN arms trade register as well as to the OSCE Register of Conventional Arms. The Wassenaar Arrangement (WA) also includes an obligation to report trade in these arms, among others.

Sweden is working towards a situation where every country establishes and implements 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.

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 the 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 has also covered export control issues.

In 2019, the Export Control Informal Working Group, chaired by France, continued to deal with the implementation and application of the ICT Directive (2009/43/EC). The work was undertaken in close collaboration with the European Commission's Directorate-General for

Internal Market, Industry, Entrepreneurship and SMEs and with the group that has been established for work under the ICT Committee. Work in the Six-Nation Initiative during the year was focused on opportunities for harmonising the scope of and conditions in general licences the Member States are to issue under the Directive. The group continued to work on finding a joint definition in the EU's Common Military List for the concept 'specially designed for military use'. In addition the group has analysed the possible effects of the United Kingdom's departure from the EU ('Brexit'). A discussion on export control issues related to the European Defence Fund was also initiated in 2019.

3 Dual-Use Items

3.1 Background and regulatory framework

The issue of non-proliferation of weapons of mass destruction has long been high on the international agenda. Particular attention has been given to the efforts to prevent further 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.

There is no legal definition of what is meant by weapons of mass destruction. However, the term is commonly used to indicate nuclear weapons and chemical and biological warfare agents. In modern terminology, radiological weapons are also sometimes considered to be covered by the term. In efforts to prevent the proliferation of weapons of mass destruction, certain delivery systems, such as long-range ballistic missiles and cruise missiles, are also included.

Multilateral measures to prevent the proliferation of weapons of mass destruction have primarily been expressed through a number of international conventions and cooperation within a number of export control regimes, in which many of the major producer countries cooperate to make non-proliferation work more effective.

The term dual-use items (DUIs) 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. Certain other products of particular strategic importance, including encryption systems, are also classified as dual-use items. In recent decades, the international community has developed a range of cooperation arrangements to limit the proliferation of these products. EU countries have a common regulatory framework in the Dual-Use Regulation. Export control itself is always exercised at 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 proliferation of weapons of mass destruction from 2003 contains a commitment to strengthen the effectiveness of export control of DUIs in Europe. One fundamental 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 with regard to the risk of proliferation and not unnecessarily disrupt the internal market or the competitiveness of European companies.

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 some countries run programmes for the development of weapons of mass destruction despite having signed international agreements prohibiting or regulating such activities, or because they remain outside of these agreements. Such countries have often reinforced their capacity by importing civilian products that are then used for military purposes. History has shown that countries which have acquired military capacity in this way have imported those products from companies that were not aware of their contribution to the development of, for example, weapons of mass destruction. Often the same purchase request is 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. The need for coordinated control has been underscored in recent years by the threat of terrorism.

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

The Dual-Use Regulation states that the Member States can also use a mechanism that enables products not on the lists 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 connection with the production etc. of 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.

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

The export control of DUIs 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, Japan, Canada, Liechtenstein, New Zealand, Norway, Switzerland and the United States.

In addition, another five general licences were introduced (EU002–EU006) for certain products going to certain destinations, export after repair or replacement, temporary export to exhibitions and trade fairs, certain chemicals and telecommunications. The number of countries covered by licences EU002–EU006 ranges from six countries in EU002 and EU006 to nine in EU005 and 24 countries in EU003 and EU004. The purpose of the general licences is to make it easier for the companies, which only need to report to the licensing authority 30 days after the first export has taken place.

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 DUIs. 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 Inspectorate of Strategic Products (ISP). This includes sales within and outside of Sweden.

In the event that a company is aware that a DUI, 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 (catch-all).

The majority of the DUIs exported with a licence from the ISP are telecommunications equipment containing encryption and thermal imaging devices, both 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. These are controlled within the Australia Group. Other products, such as isostatic presses, chemicals or UAVs (unmanned aerial vehicles) and equipment related to such vehicles represent a smaller share of DUIs but can require extensive resources in the assessment of licence applications.

The embargo on trade in DUIs is in accordance with decisions by the UN 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. The same applies with regard to the embargoes introduced by the EU due to the human rights situation in Iran, which are, however, linked to different types of licensing procedures.

Against the background of Russia's actions in Ukraine, the EU has furthermore adopted certain restrictive measures (sanctions) against Russia. Export restrictions cover the entire EU control list for dual-use items when intended for military end use or for military end users. In accordance with EU decisions, exports of certain DUIs 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 JCPoA (Joint Comprehensive Plan of Action), as the 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. The EU's commitments to the agreement remain in place. Licensing procedures now apply to DUIs that have been previously been subject to embargoes. However, this does not apply to items covered by the Missile Technology Control Regime (MTCR).

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3.2 Cooperation within international export regimes

International agreements

With regard to the international agreements, specific reference should be made to

- 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 state party to all three conventions (see SÖ 1970:12, SÖ 1976:18 and SÖ 1993:28).

Under the NPT, 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 International Atomic Energy Agency's (IAEA) 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.

In the same way, 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. The reason for this is that a substantial proportion of the products and technologies concerned are dual-use items.

The international export control regimes

To strengthen international cooperation on the non-proliferation of weapons of mass destruction, some forty countries have, on their own initiative, come together 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.

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 Zangger Committee

The Zangger Committee, which was established in 1974, deals with export control issues related to the Non-Proliferation Treaty. The Committee defines the meaning of equipment or material especially designed or prepared for the production of special fissionable material. Consequently, its responsibilities overlap to some extent with those of the Nuclear Suppliers Group, of which more below. The Non-Proliferation Treaty stipulates that export of such equipment and material, as well as fissionable material, to a non-nuclear-weapon state is only allowed if the 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 can be found in the IAEA's Information Circular No 209 (INFCIRC/209/Rev.4). The Swedish Defence Research Agency (FOI) is responsible for setting up the Zangger Committee's website.

The Nuclear Suppliers Group

The Nuclear Suppliers Group (NSG) has its origins in the "London Club", established in the mid-1970s. The work of the 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 DUIs 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).

In 2019, the NSG Technical Working Group, chaired by Sweden, continued its work on technical proposals and on updating the contents of the control lists. The plenary meeting for the year was held in Nur-Sultan under Kazakh chairmanship. Discussions were held, among other things, on the technical, legal and political aspects of participation in the NSG by states that are not parties to the Non-Proliferation Treaty.

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The Australia Group

The Australia Group was formed in 1985 on the initiative of Australia. Its aim is to harmonise member countries' 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, it was decided to expand the control lists to include microorganisms, toxins and certain manufacturing equipment for biological weapons. At the 2019 plenary in Paris, the Group's members agreed to strengthen work on non-proliferation of biological and chemical weapons among other things by increasing knowledge of emerging technologies and how they can be exploited for the development of such weapons. The plenary expressed strong support for the Organisation for the Prohibition of Chemical Weapons (OPCW). The group also had a specific discussion on possible control listing of Novichok precursors.

The Missile Technology Control Regime

The Missile Technology Control Regime (MTCR) was set up as a result of 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 missiles, and also smaller unmanned aerial vehicles designed to be able to spread aerosols.

Work within the regime continued in 2019 with a review of the contents of the lists of controlled items and exchange of information on sensitive proliferation of missile technology, including intangible technology transfer. At the annual meeting in Auckland chaired by New Zealand, the MTCR states discussed missile proliferation and expressed their concern over this, particularly the missile programmes in Asia and the Middle East.

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 framework of 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 has 42 participating states since India was welcomed as a

new member at the end of 2017. Among these are 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 DUEs, thus helping to avoid destabilising accumulations. The basic view taken by the Wassenaar Arrangement is that trading of the items in the control lists should be permitted, but must be controlled.

An important function maintained by the Wassenaar Arrangement is to bring together technical expertise from the participating states 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. The updates reflect the technological development of different types of weapons and underlying technologies. After a long period of detailed expert analysis, in which Sweden had played an active role, the Wassenaar Arrangement was able to adopt a proposal on control of certain equipment for cyber-surveillance in 2019.

Consular vigilance

An element of the efforts to limit the risks of the proliferation of nuclear weapons and other weapons of mass destruction is to press for vigilance with regard to the spread of sensitive information through intangible technology transfer, what is known as consular vigilance. This activity is based on the fact that 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. Consular vigilance covers admission to universities and assessment of applications for residence permits for studies relating to such sensitive information and technology. Cooperation between the authorities concerned, which aims, for example, to increase awareness of risks of spread associated with sensitive university study programmes or research partnerships continued in 2019.

3.3 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 in the EU takes place principally in the Council's Working Party on Non-Proliferation (CONOP), which deals with non-proliferation issues in general, and in 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. The following section addresses the work of the WPDU.

In accordance with the EU's strategy against the proliferation of weapons of mass destruction, the Member States have to work towards the EU being 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 of 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 exchange 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 a substantial one.

All EU countries are members of the NSG and the Australia Group. This is not the case for the MTCR, where decisions have not yet been made on Croatia, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia. The same applies to Cyprus with regard to 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 the powers delegated to it (Regulation [EU] No 599/2014), the Commission has updated Annex I to reflect the changes determined within the export control regimes, and has made consequential changes to Annex 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

Activities in the Working Party on Dual-Use Goods (WPDU) in 2019 were dominated by continued negotiations on a proposal for revision of the Dual-Use Regulation, which was presented by the Commission in autumn 2016. This is a comprehensive revision of the current Regulation. The aim, according to the European Commission, is to modernise the rules and make control work more efficient both for export control authorities and for industry. The proposal needs to be approved by both the Council and the European Parliament.

The Commission proposes, among other things, that the EU's export control system for dual-use items should be expanded to cover not just security policy considerations but also clearer consideration of human rights and terrorism. It is already possible in the currently applicable regulation for Member States to control unlisted items on the basis of

considerations relating to public safety or human rights. In this context, the Commission focuses in particular on technology that can be used for IT surveillance. The list of dual-use items (Annex I to the Dual-Use Regulation), which is composed entirely of the regimes' control lists, is to be supplemented, according to the proposal, by a new EU-autonomous list of items of the type mentioned above, which would thus become the object of licensing requirements for exports despite not being listed by the international export control regimes. It is also proposed that the Commission be given a mandate, in close cooperation with the Member States and other affected parties, to draw up guidelines to support the practical application of the revised Regulation.

The Commission also proposes an expansion of the catch-all clause, so that licences will also be required for exports from the EU for dual-use items that have not been listed if the exporter has received information from the licensing authority that there is a risk of their being used by persons who are involved in threats to public safety, including terrorism, or in consideration of human rights.

The proposed simplifications include the introduction of new general EU export licences relating for instance to encryption, deliveries of low value and intra-company transfers of software and technology.

On the basis of the proposal, the Government presented a background brief (2016/17: FPM22) to the Swedish Riksdag on 2 November 2016. The principal parts of the proposal and the Government's preliminary position were outlined in the background brief. The Government declared that it shared the Commission's aspiration to endeavour to bring about a strict, effective and modern export control system in the EU and among the Member States. The Government also agreed with the Commission on reducing the risks of IT surveillance software being used in a harmful manner that seriously infringes human rights. With regard to the aspect of human rights in the new proposal, the Government noted that human rights are a priority issue for Sweden and the EU, and that it is in our interests to make a positive contribution to integrating human rights into the external aspects of EU policy. It was also highlighted as important that mechanisms introduced to strengthen human rights and influence repressive regimes are appropriate, precise and effective. This applies in particular if the measures taken concern obstacles to international flows of trade that are crucial to the continued prosperity of both the EU and third countries.

The Government argued in the communication that the multilateral export control regimes (e.g. the NSG and the Wassenaar Arrangement) ought to continue to provide the basis for the EU's list of dual-use items, as these control regimes are well established, have broader accession than the EU and contain the high-level technical expertise that is required. The Government expressed doubt about building up duplicate EU expertise in relation to the control regimes, as the Commission's proposals intend, as this may lead to divergent EU-autonomous export controls. There was emphasis in this context on the cost-driving effects for the Commission and the Member States, and it was stressed that in times of increased mutual dependence, Sweden and the EU should primarily aim for as global and uniform rules as possible. The Government emphasised the importance of a close and broad analysis of the proposal and its repercussions.

Interinstitutional negotiations - the so-called “trilogue” process - between the Council, the European Parliament and the Commission regarding the revision of the dual-use legislation was initiated in 2019. Comm. 2019/20:114

Work in the Dual-Use Coordination Group

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 in the development of the electronic information system DUEs.

3.4 UN Security Council Resolution 1540 and the Proliferation Security Initiative (PSI)

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 on 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. The mandate of the 1540 Committee runs until April 2021.

An international initiative that shares several points with Security Council Resolution 1540 and partly overlaps with it is the Proliferation Security Initiative (PSI), to which 105 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 (DUI) and Technical Assistance Control Act (2000:1064), provided that, in the latter instance, no other authority has this task. 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 what is known as the competent authority, responsible for executing certain duties stipulated by Council resolutions concerning sanctions that have been decided 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 (1994:118). This aspect of the ISP's activities is not dealt with in the present Communication.

The ISP is also the licensing authority for cases in accordance with Regulation No 258/2012 of the European Parliament and of the Council of 14 March 2012, regulating licences to export civilian firearms, their parts and components and ammunition outside of the EU and certain import and transit measures.

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.

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.

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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.

Unlike with regard 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 DUIs within the EU (a licence is only required for what are referred to as Annex IV items). The control list that is 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 the companies that have to classify whether a product is to be considered a DUI or not, it is primarily the companies that classify their own items. 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 DUI companies are different than those that apply to military equipment. With the exception of a few companies, the ISP meets DUI companies less regularly.

In its supervisory role, the ISP carries out compliance visits to companies and authorities to monitor their internal export control organisations. In 2019 the ISP carried out 24 compliance visits, evenly distributed between the areas of military equipment and DUIs.

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.

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 through the Ministry for Foreign Affairs.

The ISP's exports of services should primarily be funded by parties other than the ISP. No services were exported in 2019.

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 (ECC) in connection with the establishment of the ISP in 1996. The rules governing the composition and activities of the ECC are included in the ISP's instructions. All parliamentary parties are represented on the ECC. 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 line with the proposals of the KEX Inquiry, deputy members were also appointed for the first time. A list of the Council's members and deputy members appears below

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.

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

The Advisory Council on Foreign Affairs, and not the Export Control Council, is still consulted in cases where this is prescribed by the Instrument of Government. The Export Control Council met eight times

in 2019. The Council discussed 14 matters for consultation, of which 13 related to military equipment and one to dual-use items.

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The current members of the Export Control Council are:

Janine Alm Ericson, Member of Parliament (Green Party)
Jan R Andersson, Member of Parliament (Moderate Party)
Annicka Engblom, Member of Parliament (Moderate Party)
Kerstin Lundgren, Member of Parliament (Centre Party)
Maria Nilsson, Member of Parliament (Liberal Party)
Mattias Ottosson, Member of Parliament (Social Democrats)
Désirée Pethrus, Member of Parliament (Christian 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:

Camilla Brodin, Member of Parliament (Christian Democrats)
Hanna Gustafsson, Member of Parliament (Left Party)
Ann-Charlotte Hammar Johnsson, Member of Parliament (Moderate Party)
Caroline Nordengrip, Member of Parliament (Sweden Democrats)
Eva Sonidsson, former Member of Parliament (Social Democrats)

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 2019.

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 technology's civilian and military applications. The Technical-Scientific Council held one meeting in 2019.

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, 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. SSM is also the national supervisory authority with regard to compliance with these provisions.

By a Government Decision the SSM is assigned as the authority regarding consideration of applications which follow from Council Regulation (EU) No 267/2012 concerning restrictive measures against Iran and Council Regulation (EC) No 329/2007 concerning restrictive measures against North Korea.

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 resulting from 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 IAEA 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 the technical expertise of 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 DUIs; consequently, their export is governed 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 fuel 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 in the Nuclear Suppliers Group (NSG) (see section 3.2). The guidelines include obtaining certain specified assurances from the government of the recipient country before a licence to export can be granted. These assurances will state that the items are intended for peaceful use, that the IAEA have full safeguarding rights in the country and that nuclear material has adequate physical protection in the country. In addition, there must be a guarantee that re-exportation will not take place without corresponding assurances. The SSM is tasked by the Government with obtaining 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 take part in the European Atomic Energy Community (the Euratom Treaty), one purpose of which is to 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 the EU Member States have also ratified the Non-Proliferation Treaty and have concluded safeguards 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.

Within the scope of the Euratom Treaty, the EU has the right to enter into agreements with third countries. Bilateral agreements on the peaceful use of nuclear energy have been entered into with Australia, Canada, Japan, Ukraine, the United States and Uzbekistan. There is an equivalent agreement between the EU and South Africa, but this had not yet entered into force in 2019.

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. As opposed to the case with other dual-use items, the SSM must be notified of exports of nuclear technologies listed in Annex 1, Category 0 of the Dual-Use Regulation.

The SSM handled 94 applications received for export licences in 2019. Details of the export licences granted by the SSM in 2018 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 carries out visits to 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

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 (SSM) 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 all-party Committee for Military Equipment Exports (KEX) presented certain proposals in its final report (SOU 2015:72) on improved openness and transparency on issues concerning exports of military equipment. The Government's assessment in the Government Bill Stricter Export Controls for Military Equipment (Govt Bill 2017/18:23) is mainly in agreement with the committee's proposals. The Government notes that the annual communication presented by the Government to the Riksdag represents an important element in creating openness and transparency in the area of export controls. The Government has stated in the Bill that it intends to revise the communication, in close cooperation with the ISP, with the aim of presenting more information.

Last year's statistical report, relating to data for 2018, contained a number of updates and improvements. This year's report builds further on the new structure which, to a greater extent, follows the licence-granting process in chronological order for greater clarity.

Further facts and figures have been added to the statistical report in this year's communication as part of efforts to improve openness and transparency in the area of export controls. This applies among other things to information about the partnerships permit holders are obliged to report annually, as well as Swedish ownership of foreign legal entities active in the field of military equipment. In addition, more tables contain a comparison with previous years.

Swedish exports of military equipment in 2019 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 categories of equipment, ML1-ML20, software (ML21) and technical assistance (ML22). As well as 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 counted 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	Item
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.
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.

Category	Item
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 brokering

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 sub-contractor of another party which holds a licence to manufacture military equipment.

Licences are required for brokering of military equipment, inventions concerning military equipment and methods for the production of military equipment in and outside Sweden. The same applies to activities relating to provision 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 brokering licences. Licences for such trading are governed by provisions of the Offensive Weapons Act.

The companies, authorities and private individuals who hold licences to manufacture or broker 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 2019, manufacturing or brokering licences were held by 261 Swedish companies, authorities and private individuals. This represents a continued increase on previous years. The number of licence holders has increased by over 40 per cent since the new legislation entered into force in 2018. The increase relates principally to sub-contractors of system manufacturers of military equipment.

Among the licence holders, 70 exported military equipment or technical assistance, while 120 only supplied military equipment within the country. 71 licence holders did not report any sale of military equipment. Table 2 shows the total value of sales of military equipment in and outside Sweden in the past five years. It can be seen from the table that sales have

increased every year since 2015 and that sales in 2019 were just over 30 per cent higher than in the previous year.

Table 2 Total value of invoiced military equipment in and outside Sweden 2015–2019 (SEK million)

Type of case	2015	2016	2017	2018	2019
Total value	18 200	20 703	21 304	23 315	30 408

Despite the large number of manufacturing and brokering 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.

Table 3 The largest defence companies and government agencies in terms of invoiced military equipment in and outside the country in 2018 (SEK)

Company	Value	Principal area of equipment
Saab AB, Aeronautics	7 911 780 023	Combat aircraft
Saab AB, Surveillance	4 977 626 766	Sensor and command and control systems
Saab Dynamics AB	3 817 371 035	Missile and ground combat systems
BAE Systems Hägglunds AB	2 163 424 067	Armoured vehicles
Saab Kockums AB	1 966 789 199	Surface and submarine craft
FMV, Försvarets materielverk - Swedish Defence Materiel Administration	1 505 800 000	Leasing of combat aircraft
BAE Systems Bofors AB	1 334 432 960	Artillery systems
Saab AB, Support and Services	1 325 384 689	Maintenance activities
FFV Ordnance AB	851 851 768	Ground combat systems
GKN Aerospace Sweden AB	729 355 085	Aircraft engines
EURENCO Bofors AB	392 184 053	Gunpowder and explosives
Saab AB, Industrial Products and Services	391 130 349	Components for aircraft
Nammo Sweden AB, Karlsborg	385 298 941	Small-calibre ammunition
Norma Precision AB	337 525 625	Hunting and sport shooting ammunition
Aimpoint AB	213 747 727	Weapon sights

Activities related to other countries

The licensing process for exporting military equipment is made up of several parts. This communication 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 report

The countries indicated in the statistics in most cases are the final recipient countries for the military equipment stated. The ISP endeavours as far as possible to follow 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 the latter operates. Examples of such products are gunpowder, 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. The financial value stated nevertheless does not provide a full picture of the practical situation in comparison with 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 broker 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. This report is based on the regular meetings which the ISP holds with the defence companies regarding their export plans. The marketing meetings enables 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 means 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 in the past five years.

Table 4 Number of preliminary decisions made concerning military equipment in 2015–2019

Type of case	2015	2016	2017	2018	2019
Preliminary decisions	31	47	30	30	36

A total of 36 preliminary decisions were issued in 2019. The number of positive preliminary decisions issued was 20 and related to 13 different countries. The number of negative preliminary decisions issued was 16 and related to 12 different countries.

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 tenders being submitted or contracts being entered into. The requirement for tender notification means a further control step in the export

process and reduces the risk of the Swedish defence industry entering into contracts which, for example, would conflict with Swedish foreign policy.

A tender notification need not be issued if the tender or contract exclusively relates to spare parts, components or technical assistance for equipment exported previously. 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 approved tender notifications and general exemptions concerning military equipment 2015–2019

Type of case	2015	2016	2017	2018	2019
Tender notification	262	252	261	298	309
General exemption	24	23	20	29	23
Total	286	275	281	327	332

The ISP was notified of a total of 309 tenders to a party abroad in 2019. Of these, 295 tender notifications were approved, relating to a total of 60 countries. Decisions to prohibit tenders being submitted were made in 14 cases and related to a total of seven 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 in exporting for sale must 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. An export licence is generally also required in transit of material equipment through Sweden. There has been an exemption since 2012 from the requirement to obtain a licence when transit takes place in transfer from one EEA country to another.

The communication presents individual and global licences which have been issued for 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 following 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 2015–2019

Type of licence	2015	2016	2017	2018	2019
Individual	1 041	969	1 012	581	672
Global	-	-	-	300	381
Transit	82	90	92	82	49
Total	1 123	1 059	1 104	963	1 102

Table 7 shows the value and percentage change regarding granted export licences for military equipment in 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 2015–2019 (SEK million)

Category of equipment	2015	2016	2017	2018	2019
Military equipment for combat purposes	2 790 (+107)	47 790 (+1 163)	4 122 (-91)	4 405 (+7)	7 047 (+60)
Other military equipment	2 159 (-31)	14 089 (+553)	4 106 (-71)	4 060 (+1)	6 459 (+59)
Total	4 949 (+10)	61 879 (+ 1 150)	8 138 (-87)	8 465 (+4)	13 505 (+60)

Table 8 shows the individual and global export licences issued in 2019 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, so that the total value does not match the sum of individual licences.

Table 8 Granted export licences for sale of military equipment by country in 2019

Country	Number of licences	Categories of military equipment	MEC/OME	Value of licences
EU				
Belgium	8	2,3,5,8,13	MEC/OME	14 654 807
Bulgaria	8	1,3,8	OME	2 860 000
Cyprus	2	2,3	OME	188 413
Denmark	26	1,2,3,5,6,8,9,14,17,22	MEC/OME	13 730 897
Estonia	8	3,5,14,17,22	OME	6 900 920
Finland	39	1,2,3,4,5,6,8,9,11,17,21,22	MEC/OME	4 031 636 997
France	45	1,2,3,4,5,8,14,21,22	MEC/OME	825 839 821
Greece	2	8,22	MEC/OME	500 000
Ireland	2	3,4	MEC/OME	82 068 000
Italy	24	3,4,6,8,13,17	MEC/OME	103 720 496
Latvia	14	1,2,3,5,14,18,22	MEC/OME	222 710 020
Lithuania	3	3,4	MEC/OME	9 250 000
Luxembourg	1	2	OME	20 313
Malta	1	3	OME	0
Netherlands	14	1,2,3,6,13,17,21,22	MEC/OME	18 934 955
Poland	12	2,3,5,8,17	MEC/OME	6 806 800
Portugal	4	1,2,17,18,22	OME	13 780 000
Romania	2	3,22	OME	0
Slovakia	2	3	MEC/OME	296 400
Slovenia	7	3,6,13,14,17,22	MEC/OME	52 132 880

Country	Number of licences	Categories of military equipment	MEC/OME	Value of licences
Spain	18	1,3,4,6,8,14,22	MEC/OME	30 134 553
United Kingdom	57	1,2,3,4,5,8,10,14,15,17,18,21,22	MEC/OME	725 520 262
Sweden	3	3,10,17	OME	380 961
Czech Republic	9	2,3,4,5,8,17,18,21,22	MEC/OME	422 703 112
Germany	78	1,2,3,4,5,6,7,8,10,13,17,21,22	MEC/OME	577 471 041
Hungary	10	2,3,5,8,10,14,17,18,21,22	MEC/OME	528 615 645
Austria	12	1,3,7,17,22	MEC/OME	139 436 793
Total	390			7 830 294 086
REST OF EUROPE				
Iceland	2		17 OME	0
Norway	62	1,2,3,4,5,8,11,17,18,21,22	MEC/OME	329 152 111
Switzerland	18	3,4,5,6,8,10,11,14,17,22	MEC/OME	29 356 002
Total	81			358 508 113
NORTH AMERICA				
Canada	10	3,5,10,11,15,17,21,22	MEC/OME	419 938 220
USA	64	2,3,4,5,6,8,10,14,17,18,21,22	MEC/OME	2 475 220 274
Total	74			2 895 158 494
CENTRAL AMERICA				
Mexico	1		2 OME	342 250
Total	1		2	342 250
SOUTH AMERICA				
Argentina	2	2,14,21,22	OME	7 028 000
Brazil	4	4,14,17,21,22	MEC/OME	130 498 442
Peru	1		8 MEC	5 000 000
Total	7			142 526 442
NORTH-EAST ASIA				
Japan	15	2,3,4,14,22	MEC/OME	94 066 278
South Korea	15	4,5,7,8,9,14,15,21,22	MEC/OME	123 665 934
Total	30			217 732 212
SOUTH-EAST ASIA				
Philippines	2	5,21,22	OME	46 663 460
Indonesia	3	2,17,22	MEC/OME	260 750 000
Malaysia	3	2,3,11,22	MEC/OME	0
Singapore	6	4,5,8,9,21,22	MEC/OME	205 037 103
Thailand	5	5,6,9,11,21,22	MEC/OME	287 000 000
Total	20			799 450 563
SOUTH ASIA				
India	24	2,3,5,9,14,17,21,22	MEC/OME	553 669 121

Country	Number of licences	Categories of military equipment	MEC/OME	Value of licences
Total	24			553 669 121
MIDDLE EAST				
United Arab Emirates	6	3,4,5,17,21,22	OME	51 684 000
Jordan	1		13 OME	4 600 000
Kuwait	2		4,22 OME	5 519 815
Oman	3	4,5,15,18,21,22	MEC/OME	2 285 000
Qatar	2		4,17 OME	45 042 000
Saudi Arabia	1	4,5,10,11,21,22	OME	0
Total	15			109 130 815
NORTH AFRICA				
Algeria	1		18 OME	0
Tunisia	1		3,14 MEC/OME	77 886 980
Total	2			77 886 980
REST OF AFRICA				
South Africa	10	4,8,10,11,14,21,22	MEC/OME	78 224 232
Total	10			78 224 232
OCEANIA				
Australia	20	2,3,4,5,8,11,14,15,17,21,22	MEC/OME	422 004 477
New Zealand	4	2,3,14,21,22	MEC/OME	18 909 800
Total	24			440 914 277
TOTAL	676			13 505 147 585

Follow-on deliveries and international military equipment cooperations

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 the exporting 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 correlated with previously supplied military equipment. Follow-on deliveries should be assessed on a case-by-case basis under these circumstances. The previous guidelines for follow-on deliveries apply 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 needs to 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

Country	Total number of licences granted	Of which follow-on deliveries	Of which international cooperations	Categories of equipment – new transactions
Algeria	1	1	0	-
Argentina	2	1	0	ML14/OEM
Brunei	1	1	0	-
Philippines	2	2	2	-
United Arab Emirates	6	6	2	-
India	24	23	2	ML21/OEM, ML22/OEM
Indonesia	3	0	0	ML2/MEC ML17/OEM
Jordan	1	1	0	-
Kuwait	2	2	2	-
Malaysia	3	3	0	-
Mexico	1	0	1	ML2/OEM
Oman	3	3	3	-
Peru	1	0	0	ML8/MEC
Qatar	2	1	2	ML4/OEM
Saudi Arabia	1	1	0	-
Singapore	6	4	3	ML8/MEC, ML9/MEC
Thailand	5	4	1	ML5/MEC
Tunisia	1	1	0	-
Total	65	53	18	

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 brokering 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.

Each category has an appendix describing the military equipment and technical assistance it covers. Table 10 shows the five types of general licences introduced in 2012.

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
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

Table 11 shows the number of notifications of use of the different general licences in 2019.

Table 11 Notification of use of general licences concerning export of military equipment in 2019

	TFS 2012:7	TFS 2012:8	TFS 2012:9	TFS 2012:10	TFS 2012:11
Number of notifications	0	0	1	1	1

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 introduction in 2012

	TFS 2012:7	TFS 2012:8	TFS 2012:9	TFS 2012:10	TFS 2012:11
Number of notifications	16	8	26	14	16

Actual exports in 2019

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

The actual exports as a rule are the part of the report 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 13 shows the value of actual exports of military equipment by country in 2019. The table is broken down into MEC/OME and contains, at an aggregated level, information about which categories of equipment the exports related to.

Table 13 Value of actual exports of military equipment by country in 2019

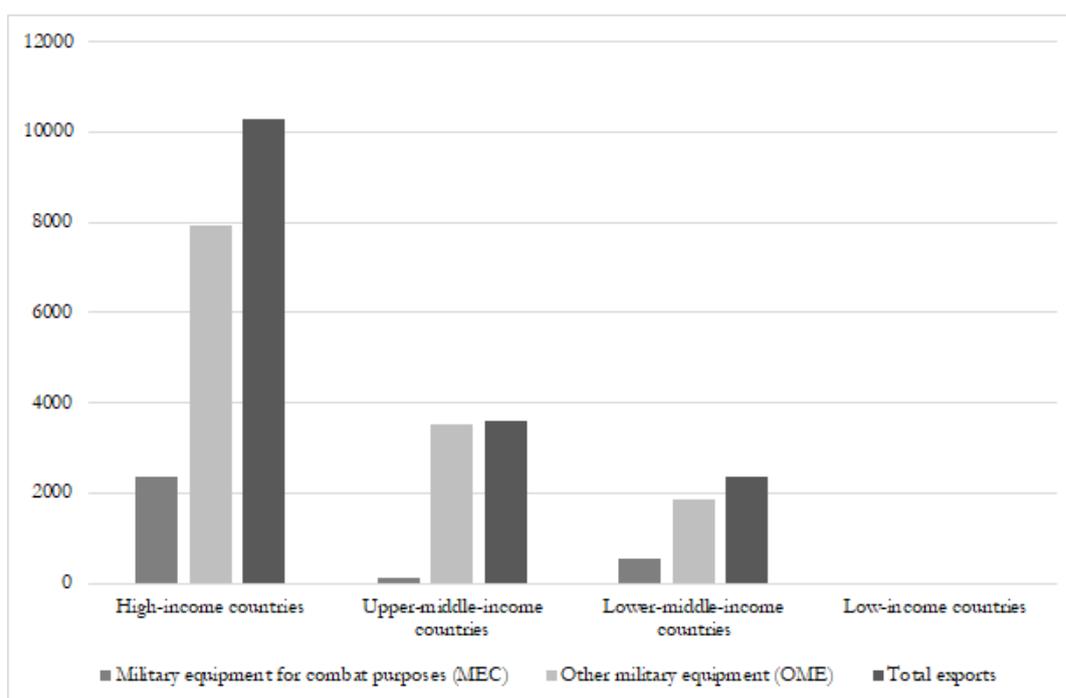
Country	Categories of military equipment	Value of MEC	Value of OME	Total
EU				
Belgium	3,5,8,13	13 091 930	21 483 522	34 575 452
Bulgaria	1,3,8	8 293 839	2 021 311	10 315 150
Cyprus	2	0	192 525	192 525
Denmark	1,2,3,5,6,8,9,11,13,14,17,21,22	3 587 170	157 187 203	160 774 373
Estonia	1,3,5,6,14,17,22	178 718 320	137 680 810	316 399 130
Finland	1,2,3,4,5,6,8,10,13,14,17,22	91 216 653	363 572 402	454 790 055
France	1,2,3,5,6,8,10,11,13,14,17,22	14 155 398	263 148 754	277 304 152
Ireland	2,4	0	1 686 546	1 686 546
Italy	3,4,6,8,10,13,14,17	41 375 003	27 322 317	68 697 320
Croatia	3,13	0	696 951	696 951
Latvia	1,3,5,14,18	29 948	17 052 568	17 082 516
Lithuania	3,4,13,14,17	42 000 831	3 019 465	45 020 296
Luxembourg	2,22	0	590 293	590 293
Malta	3	0	21 882	21 882
Netherlands	2,5,6,13,14,17,21	0	534 350 129	534 350 129
Poland	3,5,8,10,13,17,22	15 931 713	12 789 082	28 720 795
Portugal	1,3,17	0	3 109 050	3 109 050
Romania	3,6,	60 000	10 924 011	10 984 011
Slovakia	3,5,13	1 781 056	2 558 388	4 339 444
Slovenia	3,6,14,17,22	2 338 562	8 298 868	10 637 430
Spain	1,3,4,6,8,9,10,11,13,14	7 478 060	48 787 344	56 265 404
United Kingdom	1,2,3,4,5,6,8,10,13,14,16,17,21,22	164 848 452	271 156 887	436 005 339
Czech Republic	1,2,3,4,5,8,10,13,14,21	58 000 543	479 418 711	537 419 254
Germany	1,3,4,5,6,7,8,9,11,13,14,17,21,22	52 794 779	476 254 544	529 049 323
Hungary	2,3,5,8,10,14,17,18,22	20 360 545	861 122 716	881 483 261
Austria	1,2,3,4,6,7,8,10,13,14	333 778	274 480 347	274 814 125
Total		716 396 580	3 978 927 626	4 695 324 206
REST OF EUROPE				
Andorra	3	5 186	265 905	271 073
Iceland	1,3,8,17	72 823	1 408 438	1 481 261
Norway	1,2,3,4,5,6,8,10,13,14,17,18,21,22	309 811 278	291 292 747	601 104 025
Switzerland	1,3,4,5,6,8,10,11,13,14,17,21,22	4 157 686	201 839 021	205 996 707
Turkey	5,14,22	0	41 554 191	41 554 191
Total		314 046 955	536 360 302	850 407 257
NORTH AMERICA				
Canada	2,3,5,10,11,13,15,17,21,22	94 900	226 837 470	226 932 370
United States	2,3,5,6,8,10,11,13,14,17,18,21,22	860 229 005	853 440 935	1 713 669 940
Total		860 323 905	1 080 278 405	1 940 602 310
CENTRAL AMERICA				

Country	Categories of military equipment	Value of MEC	Value of OME	Total
Mexico	2,5,13,22	9 874 651	11 932 212	21 806 863
Total		9 874 651	11 932 212	21 806 863
SOUTH AMERICA				
Argentina	2, 14	0	5 378 915	5 378 915
Brazil	2,4,5,10,14,17,18,21,22	86 423 939	2 915 165 333	3 001 589 272
Total		86 423 939	2 920 544 248	3 006 968 187
NORTH EAST ASIA				
Japan	2,3,4,5,14,22	178 804 900	133 129 343	311 934 243
South Korea	4,5,7,8,9,13,14,21,22	2 335 228	496 821 913	499 157 141
Total		181 140 128	629 951 256	811 091 384
SOUTH EAST ASIA				
Philippines	5,21,22	0	128 794 648	128 794 648
Indonesia	17	0	480 843	480 843
Malaysia	5,22	0	717 380	717 380
Singapore	4,5,8,9,13,14,22	150 001 961	126 773 626	276 775 587
Thailand	2,5,9,10,22	0	401 777 100	401 777 100
Total		150 001 961	658 543 597	808 545 558
SOUTH ASIA				
India	2,3,4,5,9,11,13,14,17,18,22	529 039 808	363 693 288	892 733 096
Pakistan	4,5,10, 22	0	1 353 635 408	1 353 635 408
Total		529 039 808	1 717 328 696	2 246 368 504
MIDDLE EAST				
Bahrain	15	0	160 400	160 400
United Arab Emirates	4,5,10,11,17,21,22	0	1 364 011 797	1 364 011 797
Jordan	13,14	0	7 366 748	7 366 748
Kuwait	4	0	28 756 994	28 756 994
Oman	14	0	1 354 610	1 354 610
Qatar	14,17	0	5 002 167	5 002 167
Saudi Arabia	5,11,21	0	128 741 858	128 741 858
Total		0	1 535 394 574	1 535 394 574
NORTH AFRICA				
Algeria	5,18	0	1 379 436	1 379 436
Total		0	1 379 436	1 379 436
REST OF AFRICA				
Namibia	1,3	0	1 680 358	1 680 358
South Africa	1,3,4,8,10,13,21,22	4 818 456	107 160 426	111 978 882
Zambia	3	0	509 240	509 240
Total		4 818 456	109 350 024	114 168 480
OCEANIA				
Australia	2,3,4,5,8,10,11,14,15,17,18,21,2	2	130 146 580	105 569 164
				235 715 744

Country	Categories of military equipment	Value of MEC	Value of OME	Total
New Zealand	1,2,3,14,17	1 310 080	3 605 896	4 915 976
Total		131 456 660	109 175 060	240 631 720
INTERNATIONAL ORGANISATIONS				
EU	22	0	947 385	947 385
Total		0	947 385	947 385
TOTAL		2 983 523 043	13 290 112 821	16 273 635 864

Table 14 shows actual exports of military equipment in 2019 broken down according to the income level of the recipient countries. The breakdown follows World Bank guidelines and is based on the countries' GDP per capita¹. The table also shows the breakdown of exported MEC and OME based on the recipient countries' income level.

Table 14 Actual exports of military equipment broken down by country according to income¹



¹ A complete list of the country groupings can be found on the website www.worldbank.org. The countries Sweden exports military equipment to or has granted export licences to in 2019 are grouped as follows: **High-income countries:** Andorra, Australia, Austria, Bahrain, Belgium, Cyprus, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Kuwait, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Republic of Korea, Saudi Arabia, Singapore, Slovakia, Slovenia, Spain, Switzerland, United Arab Emirates, United Kingdom, United States. **Upper-middle-income countries:** Algeria, Argentina, Brazil, Bulgaria, Jordan, Malaysia, Mexico, Namibia, Romania, South Africa, Thailand, Turkey. **Lower-middle-income countries:** India, Indonesia, Pakistan, Philippines, Zambia. **Low-income-countries:** -

Military equipment was exported to a total of 58 countries as well as the European Union in 2019. Table 15 presents corresponding exports in 2019 by region. The regional breakdown follows the breakdown in the EU's annual statistical report to which the ISP contributes statistical material.

Table 15 Share of actual exports of military equipment in 2019 by region

Region	Percentage share
EU	28,9%
South America	18,5%
South Asia	13,8%
North America	11,9%
Middle East	9,4%
Rest of Europe	5,2%
North East Asia	5,0%
South East Asia	5,0%
Oceania	1,5%
Rest of Africa	0,7%
Central America and the Caribbean	0,1%
North Africa	Less than 0,1%
International Organisations	Less than 0,1%

Table 16 shows actual exports in 2019 by ML category, broken down into MEC and OME. It should be noted that ML11, ML13–18 and ML20–22 contain only OME.

Table 16 The value of actual exports of military equipment in 2019 by category of equipment

Category of equipment	Value of MEC	Value of OME
ML1	1 053 365	13 495 758
ML2	469 536 433	342 771 457
ML3	1 395 672 788	826 672 410
ML4	457 326 283	552 819 226
ML5	360 402 548	1 065 187 520
ML6	14 218 588	1 440 102 372
ML7	613 999	73 350
ML8	284 699 039	973 079
ML9	0	110 935 612
ML10	0	6 854 197 607
ML11	-	114 648 637
ML12	0	0
ML13	-	133 434 017
ML14	-	239 221 689
ML15	-	18 467 825
ML16	-	958 300
ML17	-	167 778 609
ML18	-	16 837 707
ML19	0	0
ML20	-	0
ML21	-	149 374 480
ML22	-	1 242 163 166

Table 17 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 17 Actual exports in 2019 of small arms, light weapons and MANPADS as defined in the UN Register of Conventional Arms

Small arms	
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, Canada, the Czech Republic, Denmark, Finland, France, Germany, Italy, Latvia, Japan, Norway, Poland, Slovakia, Spain and the United States.
Light weapons	
1. Heavy machine guns (12.7 mm)	No exports
2. Hand-held underbarrel and mounted grenade launchers (40 mm)	No exports
3. Portable anti-tank guns	No exports
4. Recoilless rifles (rocket-propelled grenades)	Rocket-propelled grenades were exported to Australia, India, Japan, the United Kingdom and the United States. Spare parts, training equipment, components and ammunition for rocket-propelled grenades were exported to Argentina, Australia, Austria, Brazil, Canada, the Czech Republic, Denmark, Estonia, Hungary, India, Ireland, Japan, Latvia, New Zealand, Norway, Slovenia, the United Kingdom and the United States.
5. Portable anti-tank missile launchers and rocket systems	Anti-tank missile launchers were exported to the United States. Spare parts, training weapons and components for anti-tank systems were exported to Argentina, Austria, Denmark, Ireland, Norway and Switzerland.
6. Mortars of calibres less than 75 mm	No exports
7. Other	No exports
MANPADS (Man-Portable Air Defence Systems)	
Missiles, spare parts, training equipment etc. for MANPADS were exported to Australia, Brazil, the Czech Republic, Finland, Ireland, Latvia, Lithuania and Singapore.	

Actual exports over time

It is preferable for the export statistics to 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 wide fluctuations in the statistics.

Table 18 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 18 The value of actual exports of military equipment in current prices and annual percentage change 2015–2019 (SEK million)

Category of equipment	2015	2016	2017	2018	2019
Military equipment for combat purposes	3 560 (+9)	4 410 (+24)	6 697 (+52)	4 995 (-25)	2 984 (-40)
Other military equipment	4 043 (-14)	6 579 (+63)	4 554 (-30)	6 375 (+40)	13 290(+108)
Total	7 603 (-4)	10 989 (+45)	11 251 (+2)	11 370 (+1)	16 274(+43)

Figure 1 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 1 Growth in value for actual exports of military equipment in current prices 1972–2019 (SEK million)

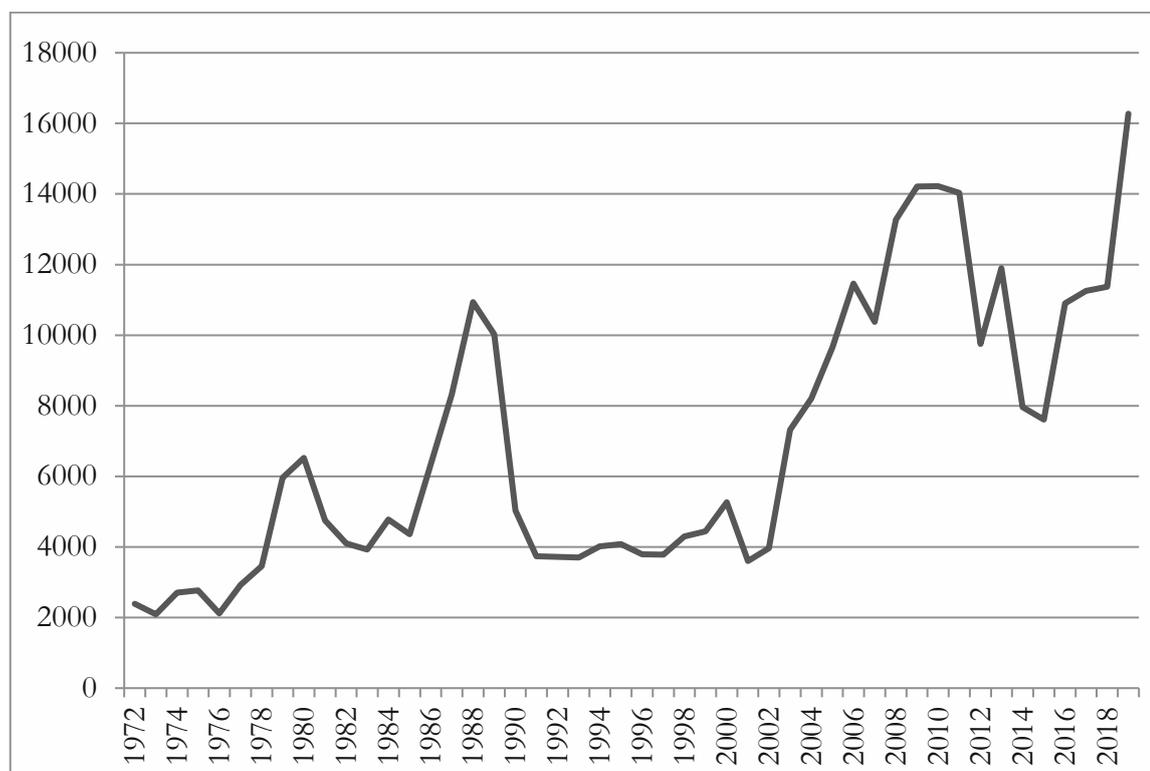


Table 19 shows the share of exports of military equipment in total Swedish exports of goods over the past five years. Alongside this communication, Swedish exports of military equipment are reported in the general statistics on foreign trade, which are based on the data submitted to Statistics Sweden 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 19 Share of exports of military equipment in total Swedish exports of goods in current prices 2015–2019

Type of export	2015	2016	2017	2018	2019
Military equipment exports	7 603	10 989	11 251	11 370	16 274
Total exports of goods	1 180 600	1 192 700	1 306 900	1 441 200	1 518 100
Percentage	0.64%	0.92%	0.86%	0.79%	1.07%

Table 20 shows the value of exports by recipient country over the past three years.

Table 20 The value of actual exports of military equipment by country 2017–2019 (SEK million)

Country	2017	2018	2019
EU			
Belgium	11	33	35
Bulgaria	50	23	10

Country	2017	2018	2019
Cyprus	-	-	0.2
Denmark	214	140	161
Estonia	72	145	316
Finland	240	137	455
France	293	293	277
Ireland	27	0.5	1.7
Italy	91	45	69
Croatia	2.1	0.9	0.7
Latvia	33	104	17
Lithuania	19	2.3	45
Luxembourg	119	0.025	0.6
Malta	-	-	0.0
Netherlands	499	365	534
Poland	140	118	29
Portugal	1,2	0.8	3.1
Romania	0.7	18	11
Slovakia	2.8	2.3	4.3
Slovenia	0.2	5.6	11
Spain	50	38	56
United Kingdom	285	356	436
Czech Republic	28	615	537
Germany	615	425	529
Hungary	4.1	763	881
Austria	133	244	275
Total	2 931	3 876	4 695
REST OF EUROPE			
Andorra	0.3	0.4	0.3
Greenland	0.1	0.04	-
Iceland	1.7	1.9	1.5
Norway	621	370	601
Switzerland	170	67	206
Turkey	71	299	42
Total	864	738	850
NORTH AMERICA			
Canada	322	231	227
United States	813	654	1 714
Total	1 134	885	1 941
CENTRAL AMERICA			
Mexico	68	96	22
Total	68	96	22
SOUTH AMERICA			
Argentina	7.8	15	5.4
Brazil	3 467	2 955	3 002
Chile	0.2	0.2	-
Ecuador	0.4	0.9	-

Country	2017	2018	2019
Peru	-	1.5	-
Uruguay	0.1	0.1	-
Total	3 476	2 973	23 007
NORTH EAST ASIA			
Japan	26	80	312
South Korea	152	194	499
Total	178	274	811
SOUTH EAST ASIA			
Brunei	52	0.2	-
Philippines	-	19	129
Indonesia	0.3	0.6	0.5
Malaysia	17	55	0.7
Singapore	215	96	277
Thailand	52	11	402
Total	336	281	808
SOUTH ASIA			
India	1 366	789	893
Pakistan	110	1 050	1 354
Total	1 497	1 840	2 246
MIDDLE EAST			
Bahrain	0.1	0.8	0.2
United Arab Emirates	149	82	1 364
Jordan	9,1	13	7.4
Kuwait	-	7.0	29
Oman	-	4.0	1.4
Qatar	6.3	2.0	5.0
Saudi Arabia	6.6	85	129
Total	171	194	1 535
NORTH AFRICA			
Algeria	9.2	11	1.4
Tunisia	0.4	-	-
Total	9.6	11	1.4
REST OF AFRICA			
Botswana	38	0,08	-
Mauritius	0.4	-	-
Namibia	0.1	-	1.7
South Africa	277	128	112
Zambia	0.1	0.1	0.5
Total	315	128	114
OCEANIA			
Australia	258	69	236

Country	2017	2018	2019
New Zealand	12	2	4.9
Total	271	71	241
INTERNATIONAL ORGANISATIONS			
UN	0.8	1.9	-
EU	-	-	0.9
Total	0.8	1.9	0.9
TOTAL	11 251	11 370	16 274

Table 21 shows the value of Swedish exports of military equipment to the top 30 countries in terms of receipts of such equipment since 1993.

Table 21 Value of actual exports of military equipment to the 30 largest recipient countries in current prices 1993-2019 (SEK million)

Place	Country	Total
1.	United States	18 754
2.	Norway	16 689
3.	Brazil	14 102
4.	South Africa	12 844
5.	Netherlands	12 444
6.	India	11 946
7.	Germany	10 618
8.	Pakistan	10 192
9.	Thailand	10 072
10.	United Kingdom	9 689
11.	Czech Republic*	9 305
12.	Finland	9 233
13.	France	8 885
14.	Singapore	8 609
15.	Denmark	7 034
16.	Switzerland	6 782
17.	Hungary*	6 253
18.	Saudi Arabia	5 456
19.	Australia	5 325
20.	Canada	4 770
21.	United Arab Emirates	4 128
22.	Austria	2 951
23.	South Korea	2 885
24.	Greece	2 720
25.	Italy	2 425
26.	Japan	1 690
27.	Mexico	1 566
28.	Malaysia	1 132
29.	Estonia	1 009
30.	Venezuela	1 004

* Including lease payments

Other activity abroad

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

Agreements concerning manufacturing rights and cooperation

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 Section 8 of 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 2019, the ISP approved 6 licences for Swedish companies to enter into agreements involving the granting or transfer of manufacturing rights to parties outside Sweden. In addition, 19 licences were granted for Swedish authorities and Swedish companies to enter into cooperation agreements with some party outside the country. Table 22 shows the number of licences granted per country to enter into licence agreements and partnership agreements.

Table 22 Number of licences granted to enter into agreements on licence production and cooperation broken down by country in 2019

Country	Licence agreements	Cooperation agreements
Australia		2
Brazil		1
EU		1
Finland		1
France	2	1
Several EU countries		2
United Arab Emirates		1
India	1	1
Canada & Netherlands		2
Netherlands		1
Spain	1	
United Kingdom		3
South Korea	1	
Germany		1
United States	1	2
Total	6	19

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. Eighteen companies and two government agencies reported a total of 71 licence production agreements and 129 cooperation agreements in 2019. Table 23 shows all currently valid licence agreements and cooperation agreements broken down by country.

58 **Table 23** Number of reported licence production and cooperation agreements broken down by country

Country	Licence agreements	Cooperation agreements
United States	9	21

Country	Licence agreements	Cooperation agreements
Australia	2	7
Belgium		1
Brazil	2	17
Denmark	3	2
Several EU countries		2
Estonia		1
EU		1
Finland	2	5
Several countries		15
France	2	5
United Arab Emirates		1
Greece	1	
India	8	3
Italy	1	2
Japan	8	3
Canada	5	2
Latvia	2	
Netherlands	1	1
Norway	2	6
Poland	4	
Romania	1	
Switzerland	2	3
Singapore		1
Spain	4	
United Kingdom	3	19
South Africa	1	2
South Korea	3	1
Czech Republic		1
Germany	5	7
Total	71	129

Ownership abroad

A party holding a manufacturing or brokering 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 2019, 19 companies reported ownership in 101 foreign legal entities in a total of 42 countries. Table 24 shows the number of foreign legal entities broken down by country in which they operate.

Table 24 Number of reported foreign legal entities broken down by country

Country	Number of Swedish-owned legal entities
United States	10
Australia	3
Belgium	1

Country	Number of Swedish-owned legal entities
Brazil	2
Bulgaria	1
Chile	1
Colombia	1
Denmark	3
Philippines	1
Finland	2
France	5
United Arab Emirates	3
Greece	2
India	6
Indonesia	1
Italy	1
Japan	1
Canada	2
Kenya	1
Croatia	1
Latvia	1
Malaysia	4
Mauritius	1
Netherlands	4
Norway	3
Pakistan	1
Poland	1
Republic of Korea	2
Romania	1
Saudi Arabia	2
Switzerland	3
Singapore	3
Spain	2
United Kingdom	6
South Africa	2
Taiwan	1
Thailand	2
Czech Republic	2
Turkey	1
Germany	9
Hungary	1
Austria	1
Total	101

Military training

The Swedish Military Equipment Act (1992:1300) 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.

Three licences for military training was issued in 2019. The training programmes related to participants from Australia, Latvia, the Netherlands, 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, a consent is required from the ISP, which can release the purchaser from its end-user obligations. Approval of such a further transfer is conditional on it being possible for an end-user certificate from the new user to be shown. Table 25 shows the licences issued in 2019 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 25 Approved further transfer of military equipment in 2019

From	To	Number approvals	Equipment
Belgium	Belgium	1	Parts for sight systems for helicopters
Belgium	Finland	1	Military trucks
Bulgaria	Sweden	3	Silencers for hunting weapons
Denmark	Sweden	2	Silencers for hunting weapons
Estonia	Estonia	1	Radar System
Estonia	Sweden	1	Silencers for hunting weapons
France	Sweden	3	Silencers for hunting weapons
Spain	Canada	1	Armour plate
United Kingdom	United Kingdom	1	Explosive
United States	Mexico	1	Parts for ammunition for naval guns
United States	Sweden	1	Parts for radar systems
United States	United States	2	Fuel for satellites
Austria	Sweden	1	Silencers for hunting weapons
Total		19	

Individual brokering

Swedish authorities, Swedish companies and anyone resident or permanently domiciled in Sweden intending to broker military equipment which is located abroad to another party abroad, must in individual cases hold a licence from the ISP, known as an individual brokering licence. Licences are required irrespective of whether the military equipment belongs to the applicant or to another party. Table 26 shows the licences issued in 2019 for brokering military equipment between two parties abroad.

Table 26 Individual brokering licences granted in 2019 broken down by country and type of equipment

From	To	Number of approvals	Equipment
Estonia	France	1	Parts for military trucks
France	France	2	Parts for armoured vehicles
France	United Kingdom	1	Mine detection systems
France	Czech Republic	1	Identification equipment
France	Germany	2	Parts for armoured vehicles

From	To	Number of approvals	Equipment
France	United States	2	Parts for training aircraft
Canada	Denmark	3	Ammunition components
Kosovo	Georgia	1	Protective equipment
Latvia	Greece	1	Diving equipment
Netherlands	France	1	Parts for military trucks
Netherlands	France	1	Parts for military trucks
Switzerland	Switzerland	1	Parts for anti-tank weapons
Switzerland	United Kingdom	3	Parts for anti-tank weapons
Switzerland	United States	1	Parts for training aircraft
United Kingdom	Latvia	1	Ground sensor system
United Kingdom	Netherlands	1	Parts for military trucks
United Kingdom	Switzerland	5	Parts for anti-tank weapons
United Kingdom	Germany	1	Parts for surface vessels
United Kingdom	United States	3	Parts for training aircraft
Germany	Germany	2	Parts for military trucks
Germany	United States	1	Parts for training aircraft
United States	Finland	1	Parts for automatic weapons
United States	United States	10	Fuel for satellites, parts for training aircraft
Total		46	

Civil firearms

Licences from the ISP are required for exports of civil firearms (hunting and sport shooting weapons), parts for firearms and ammunition for these weapons outside the EU.

Examination of exports of civil firearms to countries outside the EU takes place 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 UN Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations 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, and in accordance with the Military Equipment Act (1992:1300). This does not, however, apply to exports of smooth-bore shotguns and parts and ammunition for such weapons, and assessment therefor only takes place according to the EU Regulation mentioned.

Table 27 shows the number of applications according to Regulation (EU) No 258/2012 received by the ISP in the past three years.

Table 27 Number of applications received concerning exports of civil firearms 2017–2019

Type of case	2017	2018	2019
Applications for export licences	308	248	242

Table 28 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, and no values are presented in this table.

Table 28 Number of licences granted concerning exports of civil firearms 2017–2019 by country

Destination	2017	2018	2019
EUROPE			
Andorra	1	2	2
Faroe Islands	-	-	1
Greenland	2	1	-
Iceland	8	5	5
Montenegro	1	-	-
Norway	178	132	126
Switzerland	24	16	26
Ukraine	-	-	1
Total	214	156	161
NORTH AMERICA			
Canada	6	8	5
United States	47	40	41
Total	53	48	46
SOUTH AMERICA			
Argentina	2	1	-
Chile	1	1	1
Uruguay	1	1	-
Total	4	3	1
NORTH EAST ASIA			
Japan	3	5	1
Total	3	5	1
MIDDLE EAST			
United Arab Emirates	1	-	-
Total	1	-	-
REST OF AFRICA			
Botswana	1	1	-
Namibia	1	2	5
South Africa	11	11	12
Zambia	-	1	2
Total	13	15	19
OCEANIA			
Australia	4	5	2
New Caledonia	-	1	-
New Zealand	10	10	6
Total	14	16	8
TOTAL	302	243	236

Export of Dual-Use Items

Transfers within the EU

According to Statistics Sweden, Swedish exports of goods to EU Member States accounted for 57.9% of total Swedish goods exports in 2019. This may be assumed also to apply to exports of dual-use items.

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 Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items (the Dual-Use Regulation).

Table 1 Number of processed applications for transfer licences to another EU Member State in 2019

Granted	Denials	Total
2	0	2

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

According to Statistics Sweden, Swedish exports of goods to Australia, Canada, Japan, Liechtenstein, Norway, New Zealand, Switzerland and the United States accounted for a total of 23.5 per cent of total Swedish goods exports in 2019. This may be assumed also to apply to exports of dual-use items.

There is a general licence, very extensive in terms of the number of products, for trading in dual-use items to the countries mentioned (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 any of the countries mentioned is required only to very limited extent.

Table 2 Number of notifications for use of the general licence EU001

Licences	Notifications in 2019	Notifications since introduction in 2009
EU001	30	200

Exports supported by general licence to certain other countries

According to Statistics Sweden, Swedish exports of goods to other countries in the world, i.e. exports not going to EU Member States, Australia, Canada, Japan, Liechtenstein, New Zealand, Norway, Switzerland and the United States, totalled 18.6% of total Swedish goods exports in 2019. This may be assumed also to apply to exports of dual-use items.

There are five general licences, 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–EU006. An exporter in Sweden wishing to export dual-use items under any of the five

general licences is only required to make a one-off notification at the time the licence is first used.

In the event that none of the five general licences EU002–EU006 is applicable, either a global or an individual export licence is required for trade with dual-use items to countries in the rest of the world. Licences EU002–EU006 were introduced in accordance with Regulation No 1232/2011 of the European Parliament and of the Council of 16 November 2011. Figures for the total number of notifications of use of the general licences EU002–EU006 therefore start from 2012.

Table 3 Number of notifications of the general licences EU002–EU006

Licences	Notifications in 2019	Notifications since introduction in 2012
EU002	1	5
EU003	0	11
EU004	0	8
EU005	0	1
EU006	0	1

Exports supported by individual and global export licences

In Tables 4 and 5 the number of decisions on applications for export licences relating to dual-use items is broken down into granted and rejected applications for licences. The tables cover applications for both global and individual export licences.

Table 4 shows the number of decisions on applications for export licences concerning dual-use items listed in Annex I to the Dual-Use Regulation. The table classifies the item concerned according to the control regime under which it is controlled. The control regimes are the Australia Group (AG), Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG) and the Wassenaar Arrangement (WA).

Table 4 The number of granted and rejected applications for export licences in 2019 concerning dual-use items, broken down by control regime

Control regime	Granted	Denials
Australia Group (AG)	483	5
Missile Technology Control Regime (MTCR)	13	3
Nuclear Suppliers Group (NSG)	53	3
Wassenaar Arrangement (WA)	580	87
Total	1129	98

Table 5 shows applications for export licences concerning products not covered by control through application of Article 4 of the Dual-Use Regulation, the ‘catch-all’ clause. Application of this clause means that products not listed in Annex 1 of the Dual-Use Regulation are to be covered by licence requirements under a decision in the individual case by the ISP. Decisions on licence requirements, under catch-all, 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 a 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 5 Number of granted and rejected applications for export licences in 2019 concerning dual-use items covered by licence requirements under Article 4 (catch-all) of the Dual-Use Regulation

Granted	Denials	Total
8	2	10

Table 6 covers the number of granted and rejected applications for export licences under Council Regulation 267/2012 concerning restrictive measures against Iran. In comparison with the Dual-Use Regulation, more products are covered by licence requirements under Council Regulation 267/2012 concerning restrictive measures against Iran. For this reason, the applications are presented separately in Table 6. These applications for export licences are thus not included in the statistical material for other tables.

Table 6 Number of granted and rejected applications for export licences in 2019 under Council Regulation 267/2012 concerning restrictive measures against Iran.

Granted	Denials	Total
281	0	281

Table 7 covers the number of granted applications for export licences broken down into product categories 1–9 in Annex 1 of the Dual-Use Regulation. Annex I also covers category 0, which concerns nuclear materials, facilities and equipment. Applications for export licences in accordance with category 0 are reported separately by the Swedish Radiation Safety Authority (SSM) to the Government.

Table 7 Number of granted applications for export licences in 2019 concerning dual-use items broken down into categories 1–9 in Annex I to the Dual-Use Regulation and broken down into individual and global export licences

Categories 1–9 in Annex I	Individual export licences	Global export licences	Total
Category 1 <i>Special materials and related equipment</i>	176	2	178
Category 2 <i>Materials processing</i>	425	18	443
Category 3 <i>Electronics</i>	82	8	90
Category 4 <i>Computers</i>	1	0	1
Category 5 <i>Telecommunications and information security</i>	170	52	222
Category 6 <i>Sensors and lasers</i>	183	6	189
Category 7 <i>Navigation and avionics</i>	2	0	2

Categories 1–9 in Annex I	Individual export licences	Global export licences	Total
Category 8 <i>Marine</i>	0	0	0
Category 9 <i>Aerospace and propulsion</i>	2	2	4

The applications for export licences that constitute the statistical material for Tables 8 and 9 comprise only applications to countries that are not Member States of the EU and that are not covered by the general licences EU001–EU006. Tables 8 and 9 cover both global and individual export licences.

Table 8 Countries covered by the greatest number of granted export licences concerning dual-use items in 2019

Country	Number of licences
China	244
Russia	78
India	77
United States	77
South Korea	62
Israel	59
Taiwan	53
Hong Kong	46
South Africa	43
Brazil	40
Indonesia	39
Malaysia	39
Singapore	39
Thailand	32
Qatar	30
Chile	27
Egypt	26
Mexico	24
Saudi Arabia	24
Serbia	23

Table 9 Countries with the greatest number of denials concerning dual-use items in 2019

Country	Number of licences denied
China	56
Russia	12
Turkey	5
Saudi Arabia	4
United Arab Emirates	3
Israel	3
Lebanon	3
Hong Kong	2
Pakistan	2
Taiwan	2
Armenia	1
Burkina Faso	1
Egypt	1
Cote d'Ivoire	1

Country	Number of licences denied
Philippines	1
Morocco	1
Thailand	1

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

Table 10 covers granted applications for export licences for dual-use items with military end-users. The number of granted applications for export licences is broken down into global and individual export licences. Area of end-use and country of end-user are also shown.

Table 10 Number of granted export licences concerning dual-use items for military end-users in 2019

Country	Global export licences	Individual export licences	End-use areas
Afghanistan*	0	1	Return after repair
Algeria	0	2	Software
Australia	0	1	Identification of detonating and chemical explosives
Bangladesh	0	1	Telecommunications
Chile	0	1	Return after repair
Georgia	0	1	For demonstration and border surveillance
India	0	2	For naval use, for replacement
Indonesia	0	2	Marine communication and traffic surveillance, identification of detonating and chemical explosives
Japan	0	2	For use in electronic systems
Kuwait	0	1	Loan during repair
Oman	0	5	Border surveillance, spare parts, telecommunications
Singapore	0	2	Telecommunications
South Korea	0	4	Coastal surveillance, for use in electronic systems, sensor systems
Ukraine	0	1	Return after repair
Total	0	28	

*The application relates to an export to an end-user belonging to a nation which is a member state of NATO

Table 11 covers the number of denials in applications for export licences for dual-use items with military end-users. The number of export licences denied is broken down into global and individual export licences. Area of end-use and country of end-user are also shown.

Table 11 Number of denied applications for export licences concerning dual-use items for military end-users in 2019

Country	Denials of global export licences	Denials of individual export licences	End-use areas
Armenia	0	1	Border surveillance
Burkina Faso	0	1	Software
Egypt	0	1	Area protection
Philippines	0	1	For electronic systems

United Arab Emirates	0	2	Software
Israel	0	1	Telecommunications
Lebanon	0	3	Software, telecommunications
Pakistan	0	1	Software
Saudi Arabia	0	3	For demonstration, area protection, software
Taiwan	0	1	Area protection
Turkey	0	1	For electronic systems
Total	0	16	

Preliminary decisions concerning exports of dual-use items

The number 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 of the Dual-Use Regulation. The second category concerns the number of resolved requests for preliminary decisions relating to non-controlled items.

Table 12 shows the number of resolved requests for preliminary decisions concerning items controlled in Annex I to the Dual-Use Regulation, broken down into positive and negative preliminary decisions. A positive preliminary decision means that the ISP has issued a positive non-binding preliminary decision that a licence could probably 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 could probably not 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 12 Number of positive and negative preliminary decisions issued in 2019 concerning exports of items controlled in Annex I to the Dual-Use Regulation

Positive preliminary decisions	Negative preliminary decisions	Total
34	44	78

Table 13 shows resolved enquiries regarding whether export licences are required for non-controlled items – “catch-all”. The enquiries are broken down into the following decision 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 decision category of decision on licence requirement for exports and positive preliminary decision means that the ISP has made a decision that items included in the request are covered by a licence requirement under Article 4 of the Dual-Use Regulation, and that the Authority has issued a non-binding preliminary decision that a licence can probably be expected in an assessment of an application for an export licence.

The decision category of decision on licence requirement for exports and negative preliminary decision means that the ISP has made a decision that items included in the

enquiry are covered by a licence requirement under Article 4 of the Dual-Use Regulation, and that the Authority has issued a non-binding preliminary decision that a licence can probably not be expected in an assessment of an application for an export licence.

The decision category of 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 Article 4 of the Dual-Use Regulation.

Table 13 Number of resolved enquiries in 2019 concerning non-controlled items – catch-all.

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
Egypt	0	1	0	1
United Arab Emirates	0	0	2	2
India	0	1	0	1
Indonesia	0	0	1	1
Iran	2	0	1	3
Israel	0	0	1	1
Italy	0	0	1	1
China	6	2	13	21
Croatia	0	0	1	1
Lebanon	0	0	1	1
Pakistan	0	1	0	1
Russia	2	4	11	17
Saudi Arabia	0	0	2	2
South Africa	0	0	1	1
South Korea	0	0	1	1
Taiwan	0	0	1	1
Germany	0	0	1	1
Ukraine	0	0	3	3
Total	10	9	41	60

Table 14 Export licences granted for dual-use items (DUIs), belonging to Category 0 in Annex 1 to the Dual-Use Regulation, from companies in Sweden (source: SSM)

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. 80 licences were granted for exports or for transfers within the EU in 2019.

Recipient country	Number global licences	Number individual licences	Item categories
Argentina	0	2	0C002
Belgium	3	0	0E001

Recipient country	Number global licences	Number individual licences	Item categories
Denmark	1*	0	0E001
Finland	2	4	0A001d, 0A001f, 0A001h, 0D001, 0D001, 0E001
France	4	3	0a001F, 0a001h, 0E001
Japan	1	0	0E001
Luxembourg	2*	0	0E001
Netherlands	2*	0	0E001
Norway	1	0	0D001
Switzerland	1	3	0A001f0, 0A001h), 0C002, 0D001, 0E001
Slovenia	1	0	0E001
Spain	1*	2	0A001h, 0E001
United Kingdom	2	0	0E001
Taiwan	1	0	0D001, 0E001`
Czech Republic	2	1	0A001f, 0D001, 0E001
Germany	17*	4	0A001f, 0A001h, 0D001, 0E001
United States	16	8	0A001d, 0A001f, 0A001h, 0C001, 0C002, 0D001, 0E001

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

Table 15 Membership of multilateral export control regimes in 2019

Country	ZC	NSG	AG	MTCR	WA
Argentina	x	x	x	x	x
Australia	x	x	x	x	x
Belgium	x	x	x	x	x
Brazil	-	x	-	x	-
Bulgaria	x	x	x	x	x
Cyprus	-	x	x	-	-
Denmark	x	x	x	x	x
Estonia	-	x	x	-	x
European Union	-	-	x	-	-
Finland	x	x	x	x	x
France	x	x	x	x	x
Greece	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
Canada	x	x	x	x	x
Kazakhstan	x	x	-	-	-
China	x	x	-	-	-
Korea (Rep.)	x	x	x	x	x
Croatia	x	x	x	-	x

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Country	ZC	NSG	AG	MTCR	WA
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
Switzerland	x	x	x	x	x
Serbia	-	x	-	-	-
Slovakia	x	x	x	-	x
Slovenia	x	x	x	-	x
Spain	x	x	x	x	x
United Kingdom	x	x	x	x	x
Sweden	x	x	x	x	x
South Africa	x	x	-	x	x
Czech Republic	x	x	x	x	x
Turkey	x	x	x	x	x
Germany	x	x	x	x	x
Ukraine	x	x	x	x	x
Hungary	x	x	x	x	x
United States	x	x	x	x	x
Belarus	x	x	-	-	-
Austria	x	x	x	x	x
TOTAL	39	48	43	35	42

Important trends in Swedish and international export control

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

The purpose of export control

The principal and overriding purpose of export control is often expressed as a country that controls exports not wanting a product or a technology of a particular type to be proliferated to undesirable recipients. An undesirable recipient may be both an end-user country and, for example, a terrorist organisation.

To simplify, in the view of the Inspectorate of Strategic Products (ISP), there are two main reasons for a country that manufactures and exports military equipment or dual-use items (DUIs) not to want the equipment or items to proliferate to undesirable recipients, namely a threat to the security of the exporting country, or allied or related countries, or the fact that it conflicts with the principles and objectives of the exporting country's foreign policy.

The trend in export control – arms build-up around the world and the internationalisation of the defence industry and the DUI industry are making great demands on export control

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 2018 reached the highest level since the late 1980s. According to the ISP there is reason to assume that this trend has continued in 2019.

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 the significance of export control internationally is clear. The major powers want to prevent other major powers or other countries from gaining the same technological advantages and level of build-up they have themselves, and export control is a means that can be applied. In view of Sweden's high-tech industry, Sweden is also affected by this to a very great extent.

The arms build-up is making great demands on 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 DUI 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 the military equipment produced in Sweden. In addition, in recent decades the Swedish defence industry and DUI industry have placed a large part of their research and development abroad. This inevitably leads to a risk of technology regarded as sensitive in terms of Swedish defence capability being proliferated in a way that previously could not have been imagined. 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 laid great emphasis in the areas of both military equipment and DUIs 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, says no to 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%, the subcontractor country should not prevent export to a third country that the main contractor country has already approved.

Military equipment

Amendments to the legislation and updated guidelines

From the Inspectorate of Strategic Product's point of view, 2019 was an important year for the implementation of the extensive statutory amendments to the military equipment legislation that entered into force on 15 April 2018 and for application of the changes to the Swedish guidelines on exports and other international cooperation on military equipment applied from the same date.

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).

The most important change concerns the democratic status of the recipient state, which in the future is to be a key condition in 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 p. 67 and 72). The preparatory materials state that the democratic status of the recipient country constitutes a conditional obstacle (Govt Bill 2017/18:23 p. 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 key condition in 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 such deals as 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 2019

As in 2018, the day-to-day work of the ISP in 2019 was notable for the authority's remit to interpret the amended guidelines in the light of changes in the world at large.

Defence and security policy reasons in favour of exports, including follow-on deliveries and international collaboration, are set in individual cases against such 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 previously an overall assessment is ultimately made of the circumstances existing in the individual case.

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. The Government appointed new members to the Council on 31 October 2019. The number of members and the distribution among the parliamentary parties was the same as previously, but a new development with effect from 31 October 2019 was that the Government also appointed deputy members to the Council.

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 build-up aims 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, in 2019 the ISP continued work with the cooperation forum, the Military Equipment Security Group (MSG), which 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). In 2019, as in 2018, there was special focus on defining products and technologies particularly sensitive in terms of security policy, irrespective of whether they represent military equipment, dual-use items or non-controlled items.

Post-shipment controls of military equipment abroad

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 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 as a rule not take place in countries for which the guidelines and preliminary work statements indicate that there are in principle no foreign and 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 country of the weapons. The ISP's investigation has been sent out for consultation and is now under discussion at the Government Offices of Sweden.

A significant international trend in export control is an increased number of countries conducting post-shipment controls of military equipment that has been exported to another country. 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. Spain is currently investigating whether such a programme should be introduced.

Review of the Common Position

The third review of the Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment was completed in 2019. The Common Position came into effect in 2009. In the same way as during the previous reviews, which took place in 2012 and 2015, the 2019 review did not lead to any changes in criteria in the position. A number of new formulations, including on the democratic status of the recipient country, were, however, added to the user guide that offers support in interpreting the criteria for the position.

Nordic agreement on export control

On 12 November 2013 the Government decided that Sweden would sign an agreement concerning support for industrial cooperation in the area of military equipment with Denmark, Finland and Norway. The states signed the agreement on 10 March 2015. In 2016 the Government authorised the ISP, together with Denmark, Finland and Norway, to

negotiate a sub-agreement concerning export control. The agreement negotiations entered their final stage in 2019.

The European Defence Fund

Work on setting up the European Defence Fund continued during the year. The idea is that the Fund will gradually come to total SEK 130 billion and that the money can be distributed to collaborative projects with participants from various EU Member States. A provision has been included in the EU Regulation on the European Defence Fund indicating that the issue of third-party exports will be decided 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 p. 66).

International export control policy

With regard to international export control policy, the year was dominated firstly by various countries' application of exports of military equipment to those countries taking part with military forces in the Yemen conflict, and secondly application by various countries of exports of military equipment to Turkey after the country's military forces entered Syria in the beginning of October. 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 for a long time, which means that the countries do not issue any export licences for new military equipment export deals to Saudi Arabia. Sweden has not issued any export licences for new export deals to Saudi Arabia since 2013. Germany went a step further than the other countries and also temporarily prohibited follow-on deliveries for previously supplied military equipment to Saudi Arabia.

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

The largest suppliers of military equipment to Saudi Arabia and the United Arab Emirates in 2019, as in recent decades, were the United States, the United Kingdom and France. Exports from these countries continued in the same way as previously in 2019 although there is a vigorous internal debate on completely or partially halting deliveries, particularly in the United States and the United Kingdom.

On 15 October 2019 the ISP revoked all current export licences for sale of military equipment to Turkey. The principal 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

Foreign acquisitions of the defence industry and DUI industry

A significant trend in Swedish and international export controls is for several countries in recent years to 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 find it difficult to purchase 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 government link, whereas there can be a concealed state military interest in the background. In response to the problems outlined, during the year 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 'Dual-use items'.

Ownership restriction and foreign ownership in the defence industry

The defence industry is the only industry in Sweden currently to be 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 assessment of applications for manufacturing or brokering 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 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 the orders to the defence industry from the Swedish Armed Forces, including allocation of resources for research and development, having 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 operations of the defence industry now account for around 60 per cent of the military equipment manufactured in Sweden.

The political focus in Sweden is on Swedish defence capability having to increase substantially over the next ten-year period, sometimes expressed in such a way that the share of GDP allocated to defence should increase from around 1.0% in 2019 to 1.5% in 2025. Despite this, the ISP judges that the international operations of the defence industry will also account for around 50% of 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, sometimes so that these become a new version of the system, often marketed with the term mark (Mk) followed by a number designating the version concerned, 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 Defence Materiel Administration or the Swedish Armed Forces
2. following an order placed by both the 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 both the latter 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.

Dual-Use Items

The possibility of giving the ISP the right to make use of the Swedish National Defence Radio Establishment

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 make use of 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 matter is under discussion in the Government Offices of Sweden.

New EU Regulation on DUI control

On 30 September 2016 the Commission presented a proposal for amendments to the EU Regulation governing control of dual-use items (Council Regulation (EC) No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items). Negotiations on the new EU Regulation took place in 2019, as in 2017 and 2018. The ISP has greatly assisted the Ministry for Foreign Affairs with expert support in the negotiations. A decision on an amended EU Regulation will probably be made during 2020.

New EU Regulation on screening of foreign direct investments

During the year, the EU adopted 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.

In a consultation response in December 2017, the ISP recommended that, with certain proposed amendments, the new EU Regulation should be introduced and that Sweden, after proper inquiry, should introduce through legislation a system of control of foreign acquisitions of companies that manufacture or sell dual-use items within the limits permitted by the EU Regulation.

The Government decided at a Cabinet meeting on 22 August 2019 to task an inquiry chair with proposing a system for reviewing foreign direct investments in areas meriting protection. Sten Heckscher, former supreme court justice and President of the Supreme Administrative Court, was appointed as inquiry chair from 22 August 2019. The inquiry has adopted the name the Direct Investment Inquiry. An official from the ISP is taking part in the inquiry as an expert. Under its terms of reference, the inquiry is to propose by 4 May 2020 the adaptations and supplementary provisions necessary to enable the ordinance to be applied in Sweden from 11 October 2020. Under the terms of reference, the inquiry is to report on the part concerned with proposing a Swedish system for review of foreign direct investments by 2 November 2021 at the latest.

Assessment of licence applications in 2019

Assessment of licence applications for dual-use items is based on foreign and security policy considerations, as set out in Article 12(1) of EU Regulation 428/2009, 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.

With regard to assessment of licence applications in 2019, 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. Another consequence of the changes in the world at large is that, as in 2018, these led in 2019 to many denials of applications for export licences.

Cooperation with other authorities

The ISP saw a great need to consult other affected authorities in the field of non-proliferation in 2019. These consultations take place both through bilateral contacts with affected authorities 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 with 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. A council for cooperation between authorities on non-proliferation issues (the Cooperation Council) is attached to the ISP and is intended to promote effective coordination between authorities with regard to measures against the proliferation of weapons of mass destruction. The Cooperation Council consists of the director-generals of the authorities mentioned and met once in 2019.

Non-controlled items and technology

An important trend in Swedish and international export 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 operations that are fundamentally civilian but have products that are nevertheless 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 five or six subcontractor links down from the final product. Another example is companies that operate in the fields of emerging technologies, such as artificial intelligence (AI), quantum computers/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.

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.

International sanctions

Iran

The plan of action for Iran's nuclear technology programme from 2016, the Joint Comprehensive Plan of Action (JCPOA), remains in force despite the United States' unilateral decision in 2018 to withdraw from the agreement. The re-introduction and expansion by the United States of sanctions against Iran, with some impact also in relation to third countries (secondary effect) has had a powerful braking effect on trade. This has been chiefly manifested in an unwillingness in the banking world to handle payments to and from Iran as well as Iranian entities.

The economic sanctions that the EU continues to uphold against Iran under the JCPOA are unchanged and, as previously, cover a large number of items for which a licence is mandatory. The EU sanctions, combined with the uncertainty brought about by the American secondary sanctions, mean that the ISP continues to receive a significant number of applications and questions from Swedish companies.

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 put to the ISP are already answered during the initial contacts without a case needing to be established.

The Chemical Weapons Convention

The Organisation for the Prohibition of Chemical Weapons (OPCW) conducted three routine inspections of the chemical industry in Sweden during the year. The ISP assisted the OPCW in the inspections.

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. Certain parts and components for military equipment for combat purposes, as well as equipment that does not have a directly destructive impact in a combat situation are counted as other military equipment.

Under the Military Equipment Act, there are general prohibitions on manufacturing, supply and export of military equipment and on the provision of technical assistance to anyone outside the country. Licences may, however, be granted for these activities. 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. 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. Govt Bill 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 April 15 2018, revised guidelines for military equipment exports were adopted. Full text of the Swedish guidelines (Government Bill 2017/18:23, pp. 66–68) reads as follows:

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 key 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 for exports of military equipment for combat purposes, or for other cooperation with foreign partners concerning military equipment for combat purposes or other military equipment, should not be granted if the state in question is involved in an armed conflict with another state, regardless of whether or not a state of war has been declared, is involved

in an international conflict that risks becoming an armed conflict, or is experiencing internal armed unrest.

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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 ammunition specific to military equipment previously exported and other deliveries that are directly linked to previously delivered 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, e.g. not to export anti-personnel mines under the Ottawa Convention.

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 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, 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.

Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items

Common EU legislation

In 2009, the Council adopted Council Regulation (EC) No 428/2009 setting up a Community regime for control of exports, transfer, brokering and transit of dual-use products (Recast). The Regulation came into force on 27 August 2009, replacing an EU regulation from 2000, Council Regulation (EC) No 1334/2000. Unlike the international export control regimes, the Regulation is legally binding for Sweden and all other EU Member States. The purpose is to, as far as possible, establish free movement of controlled products within the internal market while reinforcing and harmonising the various national systems for the control of exports to third countries.

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 taken into account through regular amendments and updates of the item lists included in the Regulation. The annexes to the Regulation are determined within the framework of first pillar cooperation within the EU, meaning they have a direct effect at the national level. In accordance with the Regulation, the annexes are to be updated annually.

The Regulation facilitates the assessment of licence applications by including common criteria that Member States have to take into account in their assessments. However, licences are granted at the national level (see below). In addition, there is a general community licence 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. This has also led to increased consensus in the EU on exports of this kind.

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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.

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 on dual-use items. In this case, the basic premise is that an export licence will be granted as long as this does not conflict with the interests of foreign or security policy as these are described in the EU Regulation.

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.

Like its predecessor, the Dual-Use Items and Technical Assistance Control Act lacks specific rules regarding opportunities to receive preliminary decisions regarding whether or not 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 Council Regulation (EC) No 428/2009, 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 due to the fact that, on account of rapid technological developments, the lists are seldom completely comprehensive.

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	Biological and Toxic Weapons Convention
CARD	Coordinated Annual Review on Defence
CBW	Chemical and Biological Weapons
CFSP	EU Common Foreign and Security Policy
COARM	Council Working Group on Conventional Arms Exports
COCOM	Coordinating Committee for Multilateral Export Controls
CONOP	Council Working Group on Non-Proliferation
CWC	Chemical Weapons Convention
DUIs	Dual-Use Items
EDA	European Defence Agency
EDF	European Defence Fund
EDIDP	European Defence Industrial Development Programme
EC	European Community
EKR	Export Control Council
EU	European Union
FA	Framework Agreement
FMV	Swedish Defence Materiel Administration
FOI	Swedish Defence Research Agency
FRA	Swedish National Defence Radio Establishment
FXM	Swedish Defence and Security Export Agency
GTRI	Global Threat Reduction Initiative
IAEA	International Atomic Energy Agency
ISP	The Inspectorate of Strategic Products
JCPoA	Joint Comprehensive Plan of Action
KEX	Parliamentary Committee for Military Equipment Exports
LoI	Letter of Intent
MANPADS	Man-Portable Air Defence Systems
MEC	Military equipment for combat purposes
ML	Military List
MTCR	Missile Technology Control Regime
Must	Swedish Military Intelligence and Security Directorate
NATO	North Atlantic Treaty Organization
NETTEM	New and Evolving Technologies Technical Experts Meeting
NL	National additions, where applicable
Nordefco	Nordic Defence Cooperation
NPT	Non-Proliferation treaty

NSG	Nuclear Suppliers Group	Comm.
OECD	Organisation for Economic Cooperation and Development	2019/20:114 Appendix 5
OME	Other military equipment	
OSCE	Organisation for Security and Cooperation in Europe	
Pesco	Permanent Structured Cooperation	
PGD	Policy for Global Development	
PSI	Proliferation Security Initiative	
SALW	Small arms and light weapons	
SCB	Statistics Sweden	
SIPRI	Stockholm International Peace Research Institute	
SOFF	Swedish Security and Defence Industry Association	
SSM	Swedish Radiation Safety Authority	
Säpo	Swedish Security Service	
SÖ	Swedish Treaty Series	
TI	Transparency International	
TSC	Technical-Scientific Council	
UN	United Nations	
UNODA	United Nations Office for Disarmament Affairs	
UNPoA	United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects	
WA	Wassenaar Arrangement	
WPDU	Working Party on Dual-Use Goods	
ZC	Zangger Committee	

Guide to other sources

Source references in alphabetical order

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