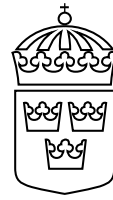


# Government Communication

## 2020/21:114



### Strategic Export Controls in 2020 – Military Equipment and Dual-Use Items

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Comm.  
2020/21:114

The Government submits this Communication to the Riksdag.

Stockholm, 8 April 2021.

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(Ministry for Foreign Affairs)

## 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 2020. 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 forums 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 2020, i.e. the export controls on military equipment and dual-use items. The term dual-use items is used in reference to items produced for civil use that may also be used in the production of weapons of mass destruction or military equipment.

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

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

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

## Significant events during the year

Despite the fact that the Covid-19 pandemic has affected the conditions for holding certain meetings and visits, export control activities were still able to progress well during 2020 in all essential respects. The ISP has continued to follow up and implement the stricter Swedish regulatory framework for exports of military equipment which came into effect in April 2018. The Government appointed a new Director-General of the ISP in March 2020.

Swedish export control rules are updated regularly. The opportunities for successfully addressing the challenges that are a feature of non-proliferation efforts are improved in that way. For example, the Government Offices continued during the year to prepare a proposal to introduce more systematic post-shipment controls (verification visits) abroad of exports of light weapons from Sweden. Such controls can be a valuable complement to strict licence assessment in counteracting diversion of military equipment to a non-intended recipient. The Government's intention is that a system for post-shipment controls should be introduced in 2021.

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

In 2019, EU Member States completed a review of the implementation of the EU's Common Position on the control of exports of military technology and equipment (2008/944/CFSP) and its user guide. This review resulted in updates reflecting a number of international changes in the area of export controls since the Common Position was introduced in 2008. Some of the improvements decided on in the 2019 review were carried out in 2020, such as a new public website with detailed statistics and a common approach regarding end-user certificates for small arms and light weapons.

As a consequence of the United Kingdom's withdrawal from the EU, the country also left the EU Working Party on Conventional Arms Export (COARM) in 2020.

In November 2020, Denmark, Finland, Norway and Sweden signed an agreement on export control matters, which constitutes an annex to the four countries' earlier agreement on cooperation within the area of defence equipment.

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 2020 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). The so-called trilogue process, in which the result of the Member States' negotiation work is deliberated with the European Parliament and the Commission, was concluded in November with an agreement on the final compromise text. Final approval is expected to be granted in spring 2021, before entering into force after the summer.

Due to the United Kingdom's withdrawal agreement with the EU having expired on 31 December 2020 – meaning that the EU Member States' trading with the United Kingdom would subsequently become exports and imports between the EU and a third country – an amendment was made to Annex IIA of the Dual-Use Regulation at the end of the year. This amendment meant that the United Kingdom was added to the group of specially selected countries (Australia, Japan, Canada, Liechtenstein, Norway, New Zealand, Switzerland and the United States) covered by the EU's General Export Authorisation no. EU001. For the same reason, a Euratom Agreement was also drawn up with the United Kingdom. The agreement is a comprehensive cooperation agreement between Euratom and the United Kingdom regarding each party's international obligations including export controls.

The international export control regimes (see section 3.2 for a review of the regimes) have worked for many years on early identification of new non-controlled items and technologies that can be used for military purposes. Ever faster development in emerging technologies, for example artificial intelligence (AI), quantum computers and biotechnology, 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.

Activities under the Arms Trade Treaty (ATT) continued during 2020, albeit with adapted working methods as a consequence of Covid-19. Sweden has 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 civil society coalition Control Arms. The ATT had 110 States Parties at the end of 2020.

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 the Government is assessing cases on the basis of the applicable export control regulatory framework.

## Summary of the statistical data

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

Exports and other activity related to military equipment in 2020 are presented in *Annex 1*. Exports are also shown over the course of time, as individual licences and deliveries of major systems may cause wide fluctuations in the annual statistics.

In 2020, 293 companies, government authorities and private individuals held licences for manufacturing or supplying military equipment. The number of licence holders has increased by just under 60 per cent in three years. One reason for this increase is that amendments to the Military Equipment Act mean that some further activities require supplier licences. The increase relates principally to operators who provide military equipment to government agencies and to subcontractors of system manufacturers of military equipment.

Fifty-six countries received deliveries of military equipment from Sweden in 2020.

The value of military equipment exports in 2020 was just over SEK 16.3 billion. The value of exports was thus in parity with the previous year. Certain major collaborations and export deals continue to affect the statistics to a great extent. The impact of the larger sales has however declined, and the figures for 2020 show a more even distribution of exports among the established recipient countries.

When it comes to individual recipient countries, the previously reported export of the GlobalEye airborne radar system to the United Arab Emirates had a major impact on the statistics, and the country was therefore the biggest recipient of Swedish military equipment in terms of value (SEK 3.26 billion) in 2020. This export is a follow-on delivery for previously delivered equipment. An export licence for the transaction was granted in 2016. No new export deals for the country have been approved since 2017. Alongside this deal, exports during 2020 followed the pattern from previous years and just over two thirds of the value related to EU countries and other partner countries.

Next to the United Arab Emirates, the United States (SEK 2.45 billion) and Brazil (SEK 1.94 billion) were the largest recipient countries. Exports to the United States included ground combat systems and naval artillery systems, while exports to Brazil mainly consisted of continued deliveries under the Gripen project. With regard to Pakistan, the export value mainly consisted of a follow-on delivery relating to a supplemental delivery of an airborne radar system.

Around two thirds of exports during 2020 went to the group of 39 countries that constitute Sweden's most established partner countries. There were only deliveries within the category of other military equipment to countries in the Middle East. These exports related to follow-on deliveries and deliveries within the context of international military equipment cooperation. There were no exports to Turkey or North African countries in 2020.

The value of the export licences granted in 2020 amounted to just under SEK 15 billion, which is an increase of just over 10 per cent compared with 2019. Comm. 2020/21:114

The vast majority of the value of licences in 2020 related to exports to the established partner countries. The United States was the single largest recipient country in terms of value of licences (just over SEK 5 billion). Only 11 of 698 export licences for sales related to new deals with countries outside the established circle of cooperation.

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

## 2 Military equipment

### 2.1 Background and regulations

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

The regulatory framework for Swedish export controls consists of the Military Equipment Act (1992:1300) and the Military Equipment Ordinance (1992:1303), as well as the principles and guidelines on exports of military equipment decided upon by the Government and approved by the Riksdag. Under Section 1, second paragraph of the Military Equipment Act (1992:1300), military equipment may only be exported if there are security or defence policy reasons for doing so, and provided there is no conflict with Sweden's international obligations or Swedish foreign policy. Sweden's international obligations also must be taken into account in the examination of applications for licences. This includes the EU Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, as well as the criteria set forth in the UN 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 thus cover the manufacture, supply and export of military equipment, as well as certain agreements on cooperation and rights to manufacture such equipment. The Act applies both to equipment that is designed for military use and that constitutes military equipment under government regulations and to such technical support for military equipment that, according to the government regulations, constitutes technical assistance. The list of what constitutes military equipment and technical assistance is contained in the annex to the Military Equipment Ordinance. The Swedish list of military equipment is in line with the EU's Common Military List, aside from three national supplements: nuclear explosive devices and special parts for such devices, fortification facilities etc. and certain chemical agents.

### **Stricter export control of military equipment**

During 2020, the ISP continued to implement the stricter and modernised Swedish regulatory framework for exports of military equipment (see the Government Bill Stricter Export Controls for Military Equipment, Govt Bill 2017/18:23). The regulatory framework was adopted with broad parliamentary support, and came into effect on 15 April 2018. The background to the stricter regulatory framework was the developments over recent decades in the areas of foreign, security and defence policy, that led to changes in the circumstances for and requirements to be met in Swedish military equipment export controls. The stricter regulatory framework largely reflected the proposals submitted by the parliamentary Committee for Military Equipment Exports in its final report, Stricter export control of military equipment (SOU 2015:72).

It follows from the updated Swedish guidelines that the democratic status of the recipient country should be a central condition in the assessment of licence applications. The lower the democratic status, the less scope there is for licences to be granted. If serious and extensive violations of human rights or grave deficiencies in the recipient's democratic status occur, this poses an obstacle to granting licences. Assessment of applications for licences must also take account of whether the export impedes sustainable development in the recipient country. The guidelines also clarified the principles for follow-on deliveries and international cooperation.

In addition to the update of the guidelines' criteria, the Military Equipment Act and the Military Equipment Ordinance were also amended. Among other things, the obligation to obtain a licence was expanded to include government agencies and certain subcontractors who provide military equipment. An option was also introduced for the ISP to apply sanction charges for certain contraventions of the rules. In line with the conclusions of the final report Stricter export control of military equipment, work is also being carried out to improve openness and transparency in issues relating to exports of military equipment.

The Committee also proposed that Sweden should introduce a system of post-shipment controls after having drawn up procedures for its organisation. The Government agreed with this assessment, and therefore commissioned the ISP with analysing the issue and submitting proposals



for the design of a system for such controls. The proposal from the ISP has been circulated for comments and is now being processed by the Government Offices. Post-shipment controls have previously mainly been carried out by the United States, but have also been introduced in recent years by other countries including Switzerland, Spain and Germany.

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Since April 2018, the day-to-day work of the ISP has been dominated by the agency's remit to implement the statutory amendments to the military equipment legislation and to assess export licence applications in accordance with the new guidelines. 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 a result of the expanded requirement to obtain a licence, the number of companies, authorities and private individuals who are entitled to manufacture or supply military equipment has grown in three years from around 180 to 300. The ISP's assessment of export licence applications in accordance with the new guidelines is carried out in cooperation with the parliamentary Export Control Council (ECC). The work to adapt current practice in line with the new guidelines is expected to continue for several years.

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

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

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

The Government's assessment is that the work to implement the 2030 Agenda should be based on national conditions, and should be carried out through regular processes. The three dimensions of sustainable development – economic, social and environmental – have also become an

ever-more important component of policy coherence for sustainable development through the adoption of Agenda 2030. These dimensions should be systematically integrated into ordinary processes with the aim of ensuring that all policies support sustainable development – locally, regionally, nationally and internationally.

In the Government Bill Sweden's Implementation of Agenda 2030, the Government has chosen to propose a renewed goal adopted by the Riksdag for a strong, coherent policy for sustainable development in accordance with the 2030 Agenda, which is a natural development of the Policy for Global Development (PGD). Ensuring that no one is left behind, either in Sweden or internationally, requires coordination between different expenditure areas, and between actions and initiatives at local, regional, national and international levels.

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

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

By pursuing a feminist foreign policy, the Government endeavours to systematically 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 the accumulation of small arms and light weapons and the occurrence of violence in a conflict or in a society. Illegal and irresponsible transfers of weapons and ammunition are a particular problem in this context, as is inadequate control of stockpiles of such equipment. During 2020, Sweden contributed to several funds that aim to reduce the proliferation of small arms and light weapons, and to ensure the effective implementation of the conventions and treaties in this area.

Sweden, together with other countries, successfully introduced the term gender-based violence (GBV) into the UN Arms Trade Treaty, which was the first time the term had been used in an international, legally binding instrument. The Government is actively working for these issues to continue to be highlighted and followed up in work on the Treaty. Sweden supports the operationalisation and practical application of Article 7(4) of the Arms Trade Treaty 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 children.

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It should be noted that consideration of Article 7(4) of the Treaty takes place in addition to the assessment made previously with respect to human rights under the Swedish guidelines, and according to Criterion Two of the EU Common Position (2008/944/CFSP) on exports of military equipment. The latter regulatory frameworks are therefore also significant in this context. These issues were among those considered in work on formulating the new regulatory framework for military equipment. 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 developed an ambitious sustainable business policy. In December 2015, a communication was presented to the Riksdag containing the Government's view on a number of issues related to sustainable business, for example human rights, working conditions and environmental concerns (Policy for Sustainable Enterprise, Government Comm. 2015/16:69). The Government also has a national action plan for this area, the Action plan for businesses and human rights. The Government launched a platform for international sustainable business in 2019. In this platform, the Government provides an overall description of current efforts and ambitions related to sustainable business. There is a clear expectation on behalf of the Government that Swedish companies will act sustainably and responsibly and base their work on the international guidelines for sustainable enterprise, both at home and abroad. A number of measures have been taken to encourage and support companies in their work on sustainability. Among other things, legislation on sustainability reporting for large companies, clearer criteria for sustainability in the Public Procurement Act (2016:1145) and stronger legal protection for whistle-blowers have been introduced.

Anti-corruption is a key issue in the Government's more ambitious policy for sustainable enterprise, and this remained the case in 2020. Both the giving and accepting of bribes have long been criminal offences under Swedish law. In addition, the reform of bribery legislation in 2012 introduced among other things a provision making the funding of bribery through negligence a criminal offence. The penal provisions can also be assumed to be significant for the international defence equipment market.

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

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

the UN Convention against Corruption and the Council of Europe's civil-law and criminal-law conventions in the area. The Government has previously welcomed the initiative for an international code of conduct with zero tolerance of corruption taken by European manufacturers of military equipment through the AeroSpace and Defence Industries Association of Europe, and its American counterpart. The largest Swedish trade association in the defence area, the Swedish Security and Defence Industry Association (SOFF), which represents more than 95 per cent of defence companies in Sweden, requires prospective members to sign and comply with its Code of Conduct on Business Ethics in order to be allowed to be members. The Code of Conduct aims to ensure a high level of business ethics. Individuals who represent the companies also undergo special e-training on anti-corruption that has been developed jointly by SOFF and the Swedish Defence Materiel Administration (FMV). To date, more than 4 800 individuals have undergone this training. SOFF also arranges annual experience swapping sessions between senior managers on high business ethics standards, in 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 Bill Total Defence 2021–2025 (Govt Bill 2020/21:30) emphasises that Sweden's security policy line remains unchanged. Sweden is not part of any military alliance. At the same time, Sweden builds security together with others. The Swedish unilateral declaration of solidarity is the foundation for Swedish defence and security policy. It is in Sweden's interests to defend and reinforce solidarity and integration within the EU, and to maintain a peaceful, stable and predictable surrounding region, rooted in European and Euroatlantic structures.

The transatlantic link is essential to Europe's security. Together with other states and organisations, Sweden makes an active contribution

towards promoting security in its neighbourhood 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.

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

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

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

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

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

Swedish Armed Forces to function effectively and has also improved prospects for more effective research cooperation.

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

Cooperation in multilateral frameworks pays dividends in terms of improved resource utilisation from a European perspective and increasingly harmonised and improved European and transatlantic cooperative capability. In this context, EU cooperation, including the EDA, and NATO's Partnership for Peace, together with the Six-Nations 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.

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

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

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

- *Criterion One* stipulates that the international obligations and commitments of Member States must be respected, in particular the sanctions adopted by the UN Security Council or the European Union.
- *Criterion Two* is concerned with respect for human rights in the country of final destination as well as respect by that country of international humanitarian law. Export licences are to be denied if there is a clear risk that the military technology or equipment to be exported might be used for internal repression.
- *Criterion Three* is concerned with the internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.
- *Criterion Four* is aimed at preservation of regional peace, security and stability. Export licences may not be issued if there is a clear risk that the intended recipient would use the military technology or equipment to be exported aggressively against another country or to assert by force a territorial claim.
- *Criterion Five* is concerned with the potential effect of the military technology or equipment to be exported on the country's defence and security interests as well as those of another Member State or those of friendly and allied countries.
- *Criterion Six* is concerned with the behaviour of the 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 the 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.

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

During 2020, the EU External Action Service and the COARM Member States produced a dedicated database of export statistics from all Member States. The COARM online database is accessible via the EEAS website, and is available to the public. A decision was also made on a common approach regarding those elements that should be included in national end-user certificates for small arms and light weapons.

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. Comm. 2020/21:114

Through COARM, the EU additionally pursues an active policy of dialogue with third countries on export controls. In this context, dialogue meetings were held during 2020 with *inter alia* Canada, Norway, Ukraine and the United States.

Another aspect of the work aimed at third countries 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 204 denial notifications from other Member States and Norway in 2020.

Sweden submitted 18 denial notifications. The denials concerned Bangladesh (1), Egypt (2), Morocco (2), Oman (1), Pakistan (1), the Philippines (1), Senegal (1), Serbia (1), Sierra Leone (1), Taiwan (1), Tunisia (1), Turkey (3) and the United Arab Emirates (2). Of these, 17 denials were decided with reference to the Swedish national guidelines and one with reference to Criterion Two of the EU Common Position regarding the recipient country's respect for human rights. The fact that exports to a particular recipient country have been denied in a specific case does not mean that the country is not eligible for Swedish exports of military equipment in other cases. Swedish export controls do not use a system involving lists of countries, i.e. pre-determined lists of countries that are either approved or not approved as recipients. Each individual export application is considered through an overall assessment in accordance with the guidelines adopted by the Government for exports of military equipment, the EU Common Position and the Arms Trade Treaty. To allow a licence to be granted, the application must be supported by the regulatory framework as a whole.

If a Member State is considering granting a licence for an essentially identical transaction that another state has denied, consultations are to take place before a licence can be granted. The former Member State also has to inform the latter state of its decision. The exchange of denial notifications and consultations on the notifications make export policy in the EU more transparent and uniform in the longer term between the Member States. The consultations also lead to greater consensus on different export destinations. Member States notifying each other about the export transactions that are denied, and explaining the grounds for such denials, reduces the risk of another Member State approving the export. The ISP is responsible for notifications of Swedish denials and arranges consultations. Sweden received four consultation enquiries from other EU Member States in 2020. One 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 the implementation of the Directive. It is assisted in this work by an expert group of representatives from the Member States. The expert group held one meeting during 2020.

The Commission continued its review of the Directive in 2020 in accordance with its Article 17. As part of this work, an evaluation has continued of the scope of and conditions in the general transfer licences to be issued by the Member States under the Directive. Work has begun on a proposal from the Six-Nation Initiative on a joint definition for the concept of 'specially designed for military use', in order to reduce the risk of differences in application between the Member States.

## **Exports of civilian firearms**

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

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

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

The EU Regulation has been applied in Sweden since 2013. There are provisions that complement the EU Regulation in the Ordinance (2013:707) concerning the control of certain firearms, parts of firearms and ammunition. The ISP is the authority responsible for licences in accordance with the EU Regulation. In 2020, 215 cases were received by the ISP and the same number of export decisions were issued.

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## **Arms embargoes**

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

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

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

The Ministry for Foreign Affairs has collated information on what restrictive measures (sanctions) against other countries exist in the EU and thus apply to Sweden. Information can be found on the website

[www.regeringen.se/sanktioner](http://www.regeringen.se/sanktioner) and is updated regularly. This website provides a country-by-country account of arms embargoes and embargoes on dual-use items that are in force. It also contains links to websites with EU legal acts covering sanctions and, where applicable, the UN decisions that have preceded the EU measures.

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

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

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

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

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

Sweden's share of world trade in heavy weapon systems continues to be limited. The report that Sweden will submit to the UN for 2020 regarding the seven categories of equipment will include exports of the RBS 70 portable air defence system to the Czech Republic, Ireland and Lithuania. Trade in heavy weapons systems and small arms and light weapons is reported annually to the OSCE in the same way as to the UN.

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

## **The Arms Trade Treaty**

In 2013, the UN General Assembly voted to approve the international Arms Trade Treaty (ATT). The Treaty created an internationally binding instrument that requires its parties to maintain effective national control of the international trade in defence equipment and sets standards for what this control will entail. The anticipated long-term effects of this treaty are:

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

The Arms Trade Treaty entered into force in 2014. All the EU Member States have ratified the Treaty and are therefore full States Parties to it. At the end of 2020, 110 states had ratified the Treaty and a further 31 had signed it.

The sixth Conference of States Parties to the ATT was held in 2020, albeit via written procedure as a result of the Covid-19 pandemic. Three working groups have been set up for Treaty work between the Conferences. They discuss effective implementation of the Treaty, increased accession to the Treaty and transparency and reporting issues. In addition, a Voluntary Trust Fund has been established for financial support to projects for States Parties that need help with improving their control systems.

Sweden coordinated work in the area of reporting during 2014–2017, and led a sub-working party on the implementation of central provisions in the Treaty in 2018–2019. In 2020, Sweden participated in the working groups and the steering group for the Voluntary Trust Fund. Sweden also participated in an advisory group on reporting and transparency issues. During the year, EU Member States continued to coordinate their actions concerning the ATT in the Council working group COARM.

Sweden is one of the major contributors to the ATT Voluntary Trust Fund and has also contributed to the UN Trust Facility Supporting Cooperation on Arms Regulation (UNSCAR). The two funds complement each other in that they are focused on different support channels.

The Government attaches great importance to a widespread adoption and effective implementation of the ATT. This is 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 forums such as the UN, the EU and the OSCE. No other type of weapons causes more deaths and suffering than these, which are used every day in local and regional conflicts, particularly in developing countries and in connection with serious and often organised crime.

In 2001, the UN adopted a programme of action to combat the illegal trade in small arms and light weapons (the UN Programme of Action to Prevent, Combat and Eradicate the Illicit 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.

In 2018 the OSCE Ministerial Council 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. Since the adoption of the declaration, handbooks on small arms and light weapons have been reviewed. These handbooks are issued by the secretariat after having been adopted by the Forum for Security Cooperation (FSC). Before OSCE's 2020 Ministerial Council in Tirana, a draft resolution on small arms and light weapons was negotiated. No consensus was achieved, and no decision could therefore be made. 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.

During 2020, Sweden contributed to several funds that aim to reduce the proliferation of small arms and light weapons, and to ensure the effective implementation of the conventions and treaties in this area. One example is the United Nations Saving Lives Entity. The aim of this fund is to deal with the serious challenges linked to small arms, light weapons and armed violence, taking a gender mainstreamed, multidimensional approach. Sweden is one of the biggest donors to the fund, which was established in response to the need for more flexible, predictable funding to combat the illicit proliferation of small arms and light weapons. Sweden strives to ensure that all countries establish and implement a responsible export policy with comprehensive laws and regulations. The aim is for all countries to have effective systems that control manufacturers, sellers, buyers, agents and brokers of SALW.

## The Six-Nation Initiative

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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 also covers export control issues.

The Covid-19 pandemic severely limited the work within the Six-Nation Initiative in 2020, and no physical meetings were held during the year. However, France and Germany presented the group’s work to define the concept of ‘specially designed for military use’ for the wider EU circle. A survey has also been sent out to investigate the Member States’ use of end-user certificates.

## 3 Dual-Use Items

### 3.1 Background and definitions

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

Within the international export control regimes, control lists have been drawn up establishing which products are to be subject to licensing. This is justified by the fact that, for example, some countries run programmes for developing 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 for the prevention of terrorist acts.

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. In recent decades, the international community has developed a range of cooperation arrangements to limit the proliferation of these products. Multilateral measures to prevent the proliferation of weapons of mass destruction have primarily been expressed through 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. 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.

The EU countries have common regulations in the form of 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). 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 dual-use items 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.

### 3.2 Regulation of Dual-Use Items

The inclusion of a dual-use item 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 to the Dual-Use Regulation and constitute the basis for decisions for granting or refusing 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.

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

It is difficult to provide an overall picture of the industries that work with dual-use items in Sweden, since a considerable proportion of products are sold in the EU market or exported to markets covered by the EU's general export licences. The principal rule is that no licence is required for transfer to another EU member State. The general licence EU001 applies, with some exceptions, to all products in Annex I to the Dual-Use Regulation regarding export to Australia, 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 dual-use items. Nor are these companies obliged to make a declaration of delivery in accordance with the export control legislation. However, a company is obliged to make a fee declaration if it has manufactured or sold controlled products subject to supervision by the Inspectorate of Strategic Products (ISP). This includes sales within and outside of Sweden.

In the event that a company is aware that a dual-use item, which the company concerned intends to export and which is not listed in Annex I of the Dual-Use Regulation, is intended to be used in connection with weapons of mass destruction, it is required to inform the ISP. The ISP can, following the customary assessment of the licence application, decide not to grant a licence for export in accordance with the catch-all clause.

The majority of the dual-use items 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 export regime. Other products, such as isostatic presses, chemicals or UAVs (unmanned aerial vehicles) and equipment related to such vehicles, represent a smaller share of dual-use items but can require extensive resources in the assessment of licence applications.

The embargo on trade in dual-use items 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 dual-use items are also prohibited or covered by a licence requirement in relation to Syria.

In January 2016 all EU nuclear technology-related sanctions against Iran were lifted in accordance with the 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 2018. The EU's commitments to the agreement remain in place. Licensing procedures now apply to dual-use items that have previously been subject to embargoes. However, this does not apply to items covered by the Missile Technology Control Regime (MTCR).

Sweden has both legally binding commitments that have been adopted by the UN and the EU, and political commitments, within the scope of the export control regimes, aimed at limiting the spread of sensitive information and technologies, including those that can be used to manufacture weapons of mass destruction. One important element is work to ensure vigilance regarding the spread of sensitive information through intangible technology transfer, for example in university education and research cooperation. Cooperation between relevant government agencies on these issues continued during 2020. One tool in this work is consular vigilance, which covers admission to universities and assessing applications for residence permits for studies relating to such sensitive information and technology. The ISP also continued its work targeted at universities and university colleges to raise awareness of the risks linked to the proliferation of sensitive technologies. The importance of secure handling of research activities in need of protection was also highlighted in the Government Bill Research, freedom, future – knowledge and innovation for Sweden (Govt Bill 2020/21:60).

### 3.3 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).

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

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

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

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

## **The international export control regimes**

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

### **The Nuclear Suppliers Group**

The work of the Nuclear Suppliers Groups (NSG) is concerned with the export control of products listed in Part 1 and Part 2 of the NSG Guidelines, including products with nuclear applications and dual-use items that can be used in connection with the development or production of nuclear weapons. These products are listed in the IAEA's Information Circular No. 254, which includes two control lists for each group of items (INFCIRC/254/Rev.14/Part 1 and INFCIRC/254/Rev.11/Part 2). The work of the NSG continued during 2020.

### **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.

A meeting was held in Bratislava at the beginning of 2020. This led to a decision to add Novichok precursors to the Australia Group's control list.

## **The Missile Technology Control Regime**

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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. The work of the MTCR continued during 2020.

## **The Wassenaar Arrangement**

The Wassenaar Arrangement was formed in 1996 as a successor to the international export control cooperation that had previously taken place within the Coordinating Committee for Multilateral Export Controls (CoCom). The Arrangement's work covers the control of conventional weapons, as well as dual-use items and technologies not controlled by other regimes. Consequently, it represents an important complement to the work of other regimes that focus exclusively on weapons of mass destruction and certain delivery systems. The Arrangement currently has 42 participating states. These include most large producers and technology holders in the areas concerned.

The Arrangement's aim is to contribute to regional and international security and stability by promoting openness and responsible action with regard to transfers of conventional weapons and dual-use items, thus helping to avoid destabilising accumulations. The basic view taken by the Wassenaar Arrangement is that trading of the 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 on a regular basis to update the common control lists in light of technical developments.

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

The Wassenaar Arrangement's annual plenary meetings are held in Vienna in the late autumn. These meetings address matters of fundamental significance to the continued development of this cooperation. On the basis of the ongoing technical work throughout the year, formal decisions are also made on updating the control lists. No plenary meeting could be held in 2020, but a number of decisions on organisational and administrative matters were made via written procedures. Updates to the control lists are planned for 2021.

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

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

Work within the EU on the export control of dual-use items is closely associated with the international work that takes place as part of the export control regimes. Coordination 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.

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 Missile Technology Control Regime, where decisions have not yet been made on Croatia, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia. The same applies to Cyprus 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 under Regulation (EU) No 599/2014 of the European Parliament and of the Council of 16 April 2014 amending 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 Commission has updated Annex I to reflect the changes determined within the export control regimes, and has made consequential changes to Annexes IIa-IIg and Annex IV. The changes are set out in the regimes towards the end of a calendar year and are usually entered in Annex I in the subsequent year.

Due to the United Kingdom's withdrawal agreement with the EU having expired on 31 December 2020, an amendment was made to Annex IIa at the end of the year. This change meant that the United Kingdom was added to the group of specially selected countries (Australia, Japan, Canada,

Liechtenstein, Norway, New Zealand, Switzerland and the United States) covered by the EU's general export licence no. EU001. The change came into force on 1 January 2021. Comm. 2020/21:114

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

Activities in the Working Party on Dual-Use Goods (WPDU) in 2020 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 Commission, is to modernise the legal framework 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.

In connection with the proposal, the Government presented a background brief on the regulation on the EU's export control for dual-use items (2016/17:FPM22) to the Riksdag in 2016.

Three-party negotiations (the 'trilogue' process) were concluded during 2020, in which support for the results of the Member States' negotiation work was secured with the European Parliament and the Commission. At the final trilogue meeting in November 2020, an agreement was reached on the compromise text. Following a forensic linguistics review, the final adoption is expected during 2021.

The Government's assessment is that the results of the three-party negotiations are within the scope of Sweden's objectives as reported in the background brief. The revised Dual-Use Regulation includes a number of new features, which – among other things – broaden the control instruments and place a greater emphasis on human rights and increased information sharing. At the end of 2020, work began on tasking an inquiry chair with assisting the Government Offices of Sweden with an analysis of the need for statutory amendments as a result of the revised Dual-Use Regulation.

In addition to the work relating to the revised Dual-Use Regulation, the WPDU's activities also involved exchanges between the Member States and the Commission of information and statistics relating to export controls, as well as issues involving new technologies.

## **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 the Commission in the development of the electronic information system DUEs.

In 2019, the DUCG set up a technical expert group (the Expert Group) with the task of drawing up guidance for export control of dual-use items aimed specifically at educational institutions and other research institutes (research organisations). The ISP represents Sweden within the Expert

Group. The Expert Group met on five occasions during 2020. On two of these occasions, representatives from research organisations (including Swedish educational institutions) took part and were given the opportunity to share their opinions, highlight their needs and otherwise influence the content of the guidance. A draft version of this guidance has also been subject to public consultation. The opinions from this consultation have been taken into consideration when preparing a final draft. Following approval from the DUCG, the guidance will be published as a recommendation from the Commission in the Official Journal of the European Union.

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

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

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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, as it does not have a direct link to the Inspectorate's work relating to export control.

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

In June 2020, the ISP was named as Sweden's contact point in accordance with Regulation (EU) 2019/452 of 19 March 2019 of the European Parliament and of the Council establishing a framework for screening of foreign direct investments into the European Union. The Regulation came into force on 11 October 2020. The ISP was also tasked with working together with other relevant government agencies to develop the cooperation forms required in order for the ISP to be able to carry out its duties as a national contact point. Work relating to the screening of foreign direct investments is not dealt with in the present Communication, as it does not currently have a direct link to the Inspectorate's work relating to export control.

The authority's responsibilities are set out in the Ordinance (2010:1101) with instructions for the Inspectorate of Strategic Products. The Ordinance stipulates that the ISP shall present to the Government each year 1) a report on Swedish exports of military equipment and other strategic products during the previous calendar year and 2) a description of significant trends

in Swedish and international export control. This information forms the basis for the annual communication on strategic export controls, including this year's communication.

## **Contacts with companies**

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

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

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 dual-use items 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 dual-use item 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 companies that deal with dual-use items are different than those that apply to military equipment. As a general rule, the ISP meets companies that deal with dual-use items less regularly, with the exception of a few military equipment companies.

In its supervisory role, the ISP carries out compliance visits to companies and authorities to monitor their internal export control organisations. During 2020, only one such visit could be carried out due to the pandemic. In addition, the ISP carried out ten digital compliance visits. These included authorities, educational institutions and companies working in the fields of both dual-use items and military equipment.

## **Funding**

Rules concerning the ISP's funding are detailed in the Ordinance (2008:889) on the financing of the operations of the Inspectorate of Strategic Products (ISP). A large proportion of the authority's activity is

funded by actors whose activities are controlled by the ISP. The Ordinance stipulates that the fee structure is broken down into three categories: military equipment, dual-use items and products covered by the Act Concerning Inspections in Accordance with the UN Convention on the Prohibition of Chemical Weapons (1994:118).

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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 2020.

## **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, in some cases with a former Member of Parliament. It is chaired by the Director-General of the ISP.

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

The Director-General of the ISP is responsible for selecting those cases that will be subjected to consultation with the Export Control Council. Consultation can take place, for example, before a preliminary decision is issued to a company. The Director-General has to consult the Council before the ISP submits an application to the Government for final assessment under the Military Equipment Act or the Dual-Use Items and Technical Assistance Control Act.

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 ISP's Director-General may also summon other experts. One task of the ECC 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. During 2020, five ECC meetings were held in various forms. The Council discussed five matters for consultation, all of which related to military equipment.

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

## **The Strategic Cooperation Council**

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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 2020.

## **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 and had contact on one occasion via written procedures during 2020.

## **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. The SSM is also the national supervisory authority which checks that these provisions are followed.

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

In the field of nuclear non-proliferation, the SSM is also the national supervisory authority, under the Act (1984:3) on Nuclear Activities, ensuring that Swedish nuclear activities are conducted in accordance with the obligations 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 International Atomic Energy Agency's database covering the illicit trafficking and other

unauthorised handling of nuclear materials and other radioactive substances.

The SSM cooperates with other authorities on export control matters, in particular the ISP. The SSM is also supported by 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 dual-use items, and are consequently 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 materials is submitted, the SSM assesses, in parallel, the issue of the possible transfer of the nuclear material in accordance with the Act (1984:3) on Nuclear Activity and Ordinance (1984:14) on Nuclear Activities. For spent nuclear fuel, the SSM also investigates the issue of the materials' final disposal. With regard to spent nuclear fuel originating from nuclear activities in Sweden, the application has to include an assurance that the exporter will recover the material if it cannot be disposed of in the intended manner. Furthermore, the SSM decides how nuclear material will be transported with the aim of preventing radiological accidents and to ensure that there is adequate physical protection.

The conditions imposed in decisions concerning export licences are based on the guidelines agreed in the NSG (see section 3.3). The guidelines include obtaining certain specified assurances from the government of the recipient country before a licence to export can be granted. These assurances shall state that the items are not use for nuclear weapons or nuclear explosive devices, that the IAEA has full safeguarding rights in the country and that nuclear material in the country has adequate physical protection. In addition, there must be a guarantee that re-exportation will not take place without corresponding assurances. The SSM is tasked by the Government 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 (via 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 Treaty on the Non-Proliferation of Nuclear Weapons (NPT) 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 2020. At the end of 2020, a Euratom agreement was also drawn up with the United Kingdom since after 31 December 2020 the country became a third country in relation to the EU and its legal system. The agreement is a comprehensive cooperation agreement between Euratom and the United Kingdom, and deals with each party's international obligations including export controls.

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

During 2020, the SSM dealt with 91 applications received concerning exports or transfers within the EU. Details of the export licences granted by the SSM in 2020 can be found in *Annex 2*, Table 14.

The SSM makes contact with the companies affected by its safeguarding activities where necessary. In its supervisory role, the SSM supervises companies to ensure that they are aware of and comply with the requirements made on them in the event of intra-EU transfers or extra-EU exports of dual-use items. Four supervisions were carried out in 2020.

## 5 Statistical report

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

## Changes in reporting

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

Last year's statistical report, relating to data for 2019, 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 includes more detailed information about the denial decisions made during the year and over time. Additional information has also been added for a better historical comparison of exports of military equipment. More detailed information is also reported on granted and valid agreements on cooperation and licence production.

Swedish exports of military equipment in 2020 are presented in *Annex 1* and exports of dual-use items in *Annex 2*.



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

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

## Manufacturing and suppliance

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

Licences are required for the supply of military equipment, inventions concerning military equipment and methods for the production of military equipment in and outside 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 these licences. Licences for such trading are governed by provisions of the Offensive Weapons Act.

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Appendix 1

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

## Swedish defence industry

In 2020, manufacturing or supplier licences were held by 293 Swedish companies, authorities and private individuals. This represents a continued increase on previous years. The number of licence holders has increased by just under 60 per cent since the new legislation entered into force in 2018. The increase relates principally to subcontractors of system manufacturers of military equipment.

Among the licence holders, 71 exported military equipment or technical assistance, while 123 only supplied military equipment within the country. 99 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 2016 but that sales in 2020 were largely unchanged compared to the previous year.

**Table 2** Total value of invoiced military equipment in and outside Sweden 2016–2020 (SEK million)

Type of case	2016	2017	2018	2019	2020
Total value	20 703	21 304	23 315	30 408	30 531

Despite the large number of manufacturing and supplying companies, a handful of these account for the majority of sales. Table 3 shows the fifteen largest operators in terms of sales of military equipment in and outside Sweden.

**Table 3** The largest defence companies and government agencies in terms of invoiced military equipment in and outside Sweden in 2020 (SEK)

Company	Value	Principal area of equipment
Saab AB, Aeronautics	6 716 460 038	Combat aircraft
Saab AB, Surveillance	5 611 284 478	Sensor and command and control systems
Saab Dynamics AB	3 722 564 528	Missile and ground combat systems

<b>Company</b>	<b>Value</b>	<b>Principal area of equipment</b>
Saab Kockums AB, Malmö	2 215 940 000	Surface and submarine craft
BAE Systems Hägglunds AB	1 844 598 216	Armoured vehicles
FMV, Försvarets materielverk (Swedish Defence Materiel Administration), Stockholm	1 536 810 278	Leasing of combat aircraft
BAE Systems Bofors AB	1 391 148 184	Artillery systems
Saab AB, Support and Services	843 074 474	Maintenance activities
GKN Aerospace Sweden AB	839 204 567	Aircraft engines
H-B Utveckling, H-B Development AB	690 075 335	Parts for armoured vehicles
Nammo Sweden AB	571 438 729	Small-calibre ammunition
FFV Ordnance AB	545 295 846	Ground combat systems
EURENCO Bofors AB	535 684 049	Gunpowder and explosives
Norma Precision AB	335 785 549	Hunting and sport shooting ammunition
Saab AB, Industrial Products and Services	266 401 179	Components for aircraft

## 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 include 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

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Marketing of military equipment abroad or in Sweden requires a basic licence to manufacture or supply military equipment. A party holding such a licence is obliged to present a report on the marketing of military equipment or technical assistance that has been undertaken abroad. 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 2016–2020**

Type of case	2016	2017	2018	2019	2020
Preliminary decisions	47	30	30	36	25

A total of 25 preliminary decisions were issued in 2020. The number of positive preliminary decisions issued was 12. The number of negative preliminary decisions issued was 13.

## 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 2016–2020**

<b>Type of case</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Tender notification	252	261	298	309	250
General exemption	23	20	29	23	22
<b>Total</b>	<b>275</b>	<b>281</b>	<b>327</b>	<b>332</b>	<b>272</b>

The ISP was notified of a total of 250 tenders to a party abroad in 2020. Of these, 236 tender notifications were approved, relating to a total of 47 countries. Decisions to prohibit tenders being submitted were made in 14 cases and related to a total of twelve 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. With certain exceptions, an export licence is also required for the transit of military equipment through Sweden.

The communication presents individual and global licences which have been issued regarding the sale of military equipment. The value and scope of the licences issued by the ISP provide merely an indication of what actual exports may look like in subsequent years. This is due in part to not all licences being utilised and to the fact that actual deliveries may take place several years after the export licence has been issued. The aggregate value of granted export licences becomes an increasingly poor indicator of the 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 2016–2020

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Type of licence	2016	2017	2018	2019	2020
Individual	969	1 012	581	672	570
Global	-	-	300	381	458
Transit	90	92	82	49	58
<b>Total</b>	<b>1 059</b>	<b>1 104</b>	<b>963</b>	<b>1 102</b>	<b>1 086</b>

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 2016–2020 (SEK million)

Category of equipment	2016	2017	2018	2019	2020
Military equipment for combat purposes	47 790 (+1 613)	4 122 (- 91)	4 405 (+7)	7 047 (+60)	7 165 (+1.7)
Other military equipment	14 089 (+553)	4 016 (- 71)	4 060 (+1)	6 459 (+59)	7 781 (+20)
<b>Total</b>	<b>61 879</b> <b>(+1 150)</b>	<b>8 138 (-</b> <b>87)</b>	<b>8 465</b> <b>(+4)</b>	<b>13 505</b> <b>(+60)</b>	<b>14 946</b> <b>(+11)</b>

Table 8 shows the individual and global export licences issued in 2020 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 2020

Country	Number of licences	Categories of military equipment	MEC/OME	Value of licences
<b>EU</b>				
Belgium	13	1,2,3,8,11,13,21,22	MEC, OME	14 957 479
Bulgaria	1		OME	0
Denmark	25	1,2,3,5,6,7,8,10,11,13, ,14,15,17,21,22	MEC, OME	12 037 750

Country	Number of licences	Categories of military equipment	MEC/OM E	Value of licences
Estonia	8	1,2,3,6,17,18,21,22	MEC, OME	270 600 983
Finland	47	1,2,3,4,5,6,8,13,14,17 ,18,21,22	MEC, OME	295 963 241
France	44	1,2,3,5,6,8,10,11,14,1 5,17,21,22	MEC, OME	234 002 537
Ireland	4	6,11,21	OME	36 087 260
Italy	16	3,4,6,8,13,17,22	MEC, OME	48 309 536
Croatia	4	3	MEC, OME	875 000
Latvia	7	1,3,4,17,22	MEC, OME	107 839 800
Lithuania	7	2,3,4,8,14,21,22	MEC, OME	69 613 250
Luxembourg	3	3,11,21,22	OME	12 000 000
Malta	2	2,8	MEC, OME	92 429
Netherlands	16	1,2,3,6,8,17,22	MEC, OME	3 062 432 072
Poland	21	1,2,3,5,8,22	MEC, OME	26 573 000
Portugal	2	3,11	OME	51 650
Romania	2	3,11,21	OME	617 965
Slovakia	6	3,5,8,17	MEC, OME	5 410 511
Slovenia	1	3	OME	0
Spain	22	3,5,6,8,11,13,21,22	MEC, OME	21 345 593
Sweden	7	3,4,5,17,21,22	OME	14 111 000
Czech Republic	13	3,4,5,8,17,21,22	MEC, OME	275 065 523
Germany	92	1,2,3,5,6,8,9,10,11,17 ,18,21,22	MEC, OME	339 242 939
Hungary	6	3,4,17,22	OME	7 316 000
Austria	19	1,2,3,4,5,6,8,10,17,22	MEC, OME	38 539 480
<b>Total</b>	<b>350</b>			<b>4 893 084 998</b>
<b>REST OF EUROPE</b>				
Iceland	3	3,8,17	MEC, OME	550 000
Monaco	1	2	OME	19 455



Country	Number of licences	Categories of military equipment	MEC/OM E	Value of licences
Montenegro	1	7	OME	25 000
Norway	46	1,2,3,4,5,6,8,13,14,15 ,17,21,22	MEC, OME	654 446 823
Switzerland	19	1,2,3,4,5,6,7,8,10,11, 13,14,15,17,21,22	MEC, OME	125 550 926
United Kingdom	52	1,2,3,4,5,6,8,10,11,13 ,14,17,18,21,22	MEC, OME	710 599 844
<b>Total</b>	<b>119</b>			<b>1 491 192 048</b>

#### NORTH AMERICA

Canada	10	2,3,5,10,15,17,18,21, 22	MEC, OME	100 117 700
United States	94	2,3,4,5,6,8,10,11,14,1 7,18,21,22	MEC, OME	5 294 745 192
<b>Total</b>	<b>103</b>			<b>5 394 862 892</b>

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#### AME RICA

Mexico	2	2,13,21,22	OME	670 000
<b>Total</b>	<b>2</b>			<b>670 000</b>

#### SOUTH AMERICA

Argentina	1	11	OME	50 856
Brazil	7	2,4,5,8,14,21,22	MEC, OME	5 500 000
Peru	2	9,22	MEC, OME	30 000 000
<b>Total</b>	<b>10</b>			<b>35 550 856</b>

#### NORTH EAST ASIA

Japan	18	2,3,4,8,14,17,21,22	MEC, OME	244 841 404
South Korea	9	5,8,9,14,22	MEC, OME	120 231 510
<b>Total</b>	<b>27</b>			<b>365 072 914</b>

#### SOUTH EAST ASIA

Malaysia	4	5,11,21,22	OME	19 500 000
Singapore	7	4,5,9,11,17,21,22	MEC, OME	25 000 000

Country	Number of licences	Categories of military equipment	MEC/OM E	Value of licences
Thailand	4	3,4,5,14,22	MEC, OME	16 480 675
<b>Total</b>	<b>15</b>			<b>60 980 675</b>

#### SOUTH ASIA

India	23	2,3,4,5,9,14,17,18,22	MEC, OME	10 802 013
Pakistan	3	4,5,10,11,15,16,17,21 ,22	OME	1 553 000 000
<b>Total</b>	<b>26</b>			<b>1 563 802 013</b>

#### MIDDLE EAST

United Arab Emirates, UAE	6	4,5,10,11,15,16,17,18 ,21,22	OME	1 897 000
Kuwait	4	4,22	OME	7 200 000
Oman	4	4,5,11,14,21,22	OME	5 160 539
Qatar	5	4,11,17,22	OME	37 993 500
Saudi Arabia	2	2,5,22	MEC, OME	667 000 000
<b>Total</b>	<b>21</b>			<b>719 251 039</b>

#### REST OF AFRICA

Nigeria	1	11	OME	204 273
South Africa	8	2,3,4,5,8,10,11,14,15, 21,22	MEC, OME	20 766 170
<b>Total</b>	<b>9</b>			<b>20 970 443</b>

#### OCEANIA

Australia	21	2,3,4,5,8,11,14,15,17, 21,22	MEC, OME	398 861 900
New Zealand	3	3,17,22	MEC, OME	1 581 960
<b>Total</b>	<b>24</b>			<b>400 443 860</b>
<b>TOTAL</b>	<b>710</b>			<b>14 945 881 738</b>

### Follow-on deliveries and international military equipment cooperation

Follow-on deliveries to previously supplied military equipment occupy a special position in the Swedish export guidelines. According to the guidelines, licences should be granted for 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 connected to previously supplied military equipment. Follow-on deliveries should be assessed on a case-by-case basis under these circumstances. The previous guidelines apply for follow-on deliveries to exports approved before 15 April 2018.

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

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

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

Country	Total number of licences granted	Of which follow-on deliveries	Of which international cooperation	Categories of equipment – new transactions
Argentina	1	0	1	ML11/OEM
UAE	6	6	2	-
India	23	20	4	ML2/OEM
Indonesia	3	0	0	-
Kuwait	4	4	4	-
Malaysia	4	4	2	-
Montenegro	1	0	1	ML7/OEM
Mexico	2	2	0	-
Nigeria	1	0	0	ML11/OEM

Country	Total number of licences granted	Of which follow-on deliveries	Of which international cooperation	Categories of equipment – new transactions
Oman	4	4	3	-
Pakistan	3	3	0	-
Peru	2	0	0	ML9, ML22/MEC, OME
Qatar	5	4	5	ML4/OEM
Saudi Arabia	2	0	2	ML2, ML5, ML22/MEC, OME
Singapore	7	7	0	-
Thailand	4	4	0	-
<b>Total</b>	<b>72</b>	<b>58</b>	<b>24</b>	

### General export licences

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

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 during 2020.

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**Table 11 Notification of use of general licences concerning export of military equipment in 2020**

	Swedish Energy Agency Code of Statutes (TFS) 2012:7	National Inspectorate of Explosives and Flammables Code of Statutes (TFS) 2012:8	Swedish Energy Agency Code of Statutes (TFS) 2012:9	Swedish Energy Agency Code of Statutes (TFS) 2012:10	Swedish Energy Agency Code of Statutes (TFS) 2012:11
Number of notifications	1	0	1	0	0

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

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

	Swedish Energy Agency Code of Statutes (TFS) 2012:7	National Inspectorate of Explosives and Flammables Code of Statutes (TFS) 2012:8	Swedish Energy Agency Code of Statutes (TFS) 2012:9	Swedish Energy Agency Code of Statutes (TFS) 2012:10	Swedish Energy Agency Code of Statutes (TFS) 2012:11
Number of notifications	17	8	29	14	16

## Denials

The Swedish export control system, with its mandatory reporting of marketing abroad and the opportunity for written preliminary decisions, leads to the majority of the ISP's negative decisions being delivered at an early stage and the number of actual applications regarding undesirable recipient countries being reduced. However, a renewed examination is always conducted in connection with tender notifications and when an application is made for an export licence.

During 2020, the ISP decided on a total of 18 formal denials. These include both decisions to prohibit tenders being submitted and denials of applications for exports. In accordance with the provisions in the EU'

Common Position, other Member States are notified of denials on an ongoing basis. Table 13 shows the number of denial decisions per country.

**Table 13** Number of denial decisions per country in 2020

Country	Number of licences denied
Turkey	3
Egypt	2
UAE	2
Morocco	2
Bangladesh	1
Philippines	1
Oman	1
Pakistan	1
Senegal	1
Serbia	1
Sierra Leone	1
Taiwan	1
Tunisia	1
<b>Total</b>	<b>18</b>

Table 14 shows the number of denial decisions per country divided up by five-year period since the exchange of information within the EU was introduced in 1999.

**Table 14** Number of denial decisions per country by five-year period since 1999

1999–2005	Number	2006–2010	Number	2011–2015	Number	2016–2020	Number
India	6	Argentina	2	Saudi Arabia	8	Turkey	23
Pakistan	6	Libya	2	UAE	7	UAE	8
Turkey	6	Russia	2	Egypt	6	Saudi Arabia	8
Iran	5	Algeria	1	Colombia	4	Qatar	7
Jordan	4	Azerbaijan	1	Pakistan	4	Philippines	6
Serbia	4	Bangladesh	1	Vietnam	4	Taiwan	5
China	3	UAE	1	Bahrain	3	Bangladesh	4
Croatia	3	Israel	1	India	3	Jordan	4
South Korea	3	Jordan	1	Israel	3	Thailand	4
Taiwan	3	Macedonia	1	Tunisia	3	Egypt	3
Ukraine	3	Mauritius	1	Turkey	3	Ukraine	3
Egypt	2	Serbia	1	Indonesia	2	India	2

1999–2005	Number	2006–2010	Number	2011–2015	Number	2016–2020	Number
Russia	2	Syria	1	Kazakhstan	2	Morocco	2
Bangladesh	1	Ukraine	1	China	2	Pakistan	2
Bulgaria	1	<b>Total</b>	<b>17</b>	Lebanon	2	Serbia	2
Cyprus	1			Russia	2	Armenia	1
Ecuador	1			Serbia	2	Bahrain	1
El Salvador	1			Thailand	2	Bosnia and Herzegovina	1
Ethiopia	1			Algeria	1	Ecuador	1
UAE	1			Armenia	1	Israel	1
Georgia	1			Azerbaijan	1	China	1
Indonesia	1			Equatorial Guinea	1	Kuwait	1
Israel	1			Cote d'Ivoire	1	Lebanon	1
Yemen	1			Philippines	1	Oman	1
Kenya	1			Gabon	1	Senegal	1
Cuba	1			Iran	1	Sierra Leone	1
Latvia	1			Kuwait	1	Tunisia	1
Macedonia	1			Macedonia	1	Uzbekistan	1
Mexico	1			Myanmar	1	<b>Total</b>	<b>96</b>
Montenegro	1			Namibia	1		
Namibia	1			Nepal	1		
Nepal	1			Oman	1		
Peru	1			Paraguay	1		
Sudan	1			Taiwan	1		
Swaziland	1			Ukraine	1		
Venezuela	1			<b>Total</b>	<b>79</b>		
Vietnam	1						
<b>Total</b>	<b>74</b>						

## Actual exports

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 supplier 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 15 shows the value of actual exports of military equipment by country in 2020. 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 15 Value of actual exports of military equipment by country in 2020 (SEK)**

Country	Categories of military equipment	Value of		
			Value of OME	Total
<b>EU</b>				
Belgium	1,2,3,5,8,13	7 496 068	10 534 969	18 031 037
Bulgaria	1,3,8	164 000	1 624 412	1 788 412
Denmark	1,2,3,5,6,8,11, 13,14,17,21,22	4 074 618	177 784 093	181 858 711
Estonia	1,2,3,5,6,13,14 ,17,22	0	112 471 999	112 471 999
Finland	1,2,3,4,5,6,8,1 0,13,14,17,21, 22	178 388 399	164 409 070	342 797 469
France	1,2,3,4,5,6,8,1 0,11,13,14,15, 17,22	57 598 219	238 153 161	295 751 380
Greece	5,22	0	5 741 160	5 741 160
Ireland	2,4,6	30 315 626	36 280 943	66 596 569
Italy	1,3,4,5,6,8,13, 17,22	28 335 715	45 998 194	74 333 909
Croatia	3	7 119	384 604	391 723
Latvia	1,2,3,6,14,17	170 667 649	44 423 629	215 091 278
Lithuania	2,3,4,5,8,13,14 ,18,22	50 945 147	57 751 712	108 696 859
Malta	2,3	0	54 539	54 539
Netherlands	2,3,6,8,13,17,2 2	3 441 463	644 561 724	648 003 187
Poland	1,2,3,5,8,10,13 ,17	17 070 243	19 267 207	36 337 450
Portugal	1,2,11,17,18,2 2	0	8 205 348	8 205 348
Romania	3,6,11,22	0	13 846 256	13 846 256



Slovakia	3,5,8,17	671 394	2 447 741	3 119 135
Slovenia	3,13,17	0	690 703	690 703
Spain	3,5,6,8,11,13	9 340 146	23 263 617	32 603 763
Czech Republic	3,4,5,8,10,13,1 4,17,18,22	153 838 761	496 058 179	649 896 940
Germany	1,2,3,4,5,6,8,9, 10,11,13,17,18 ,21,22	79 958 670	573 671 988	653 630 658
Hungary	2,3,5,8,10,14,1 7,18,22	60 547 948	794 977 623	855 525 571
Austria	1,2,3,4,5,6,8,1 0,13,17,22	12 922 718	108 812 447	121 735 165
<b>Total</b>		<b>865 783 903</b>	<b>3 581 415 318</b>	<b>4 447 199 221</b>

**REST OF EUROPE**

Andorra	3	3 559	214 651	218 210
Iceland	1,3,8,17	42 500	718 605	761 105
Monaco	2	0	18 777	18 777
Norway	1,2,3,4,5,6,8,1 0,13,14,17,22	206 605 183	254 511 720	461 116 903
Switzerland	1,3,4,5,6,8,13, 14,17,21,22	5 702 008	342 110 906	347 812 914
United Kingdom	1,3,4,5,6,8,10, 13,14,16,17,18 ,21,22	163 072 556	255 683 758	418 756 314
<b>Total</b>		<b>375 425 806</b>	<b>853 258 417</b>	<b>1 228 684 223</b>

**NORTH AMERICA**

Canada	2,4,5,10,13,17, 21,22	159 328	88 225 418	88 384 746
United States	2,3,4,5,6,8,11, 13,14,17,18,21 ,22	1 446 383 989	1 000 511 695	2 446 895 684
<b>Total</b>		<b>1 446 543 317</b>	<b>1 088 737 113</b>	<b>2 535 280 430</b>

**CENTRAL AMERICA**

Mexico	2,13,22	0	12 773 012	12 773 012
<b>Total</b>		<b>0</b>	<b>12 773 012</b>	<b>12 773 012</b>

**SOUTH AMERICA**

Argentina	11	0	23 457	23 457
-----------	----	---	--------	--------

Brazil	2,4,5,10,14,21, 22	0	1 940 381 758	1 940 381 758
Chile	3	0	456 770	456 770
Peru	8,22	2 120 800	6 029 100	8 149 900
Uruguay	3	0	123 994	123 994
<b>Total</b>		<b>2 120 800</b>	<b>1 947 015 079</b>	<b>1 949 135 879</b>

#### **NORTH EAST ASIA**

Japan	2,3,4,14,17,22	52 680 000	61 946 339	114 626 339
South Korea	4,5,8,9,13,14,1 5,21,22	529 551	247 212 996	247 742 547
<b>Total</b>		<b>53 209 551</b>	<b>309 159 335</b>	<b>362 368 886</b>

#### **SOUTH EAST ASIA**

Philippines	5,21,22	0	6 022 114	6 022 114
Malaysia	2,4,14,21,22	20 000 000	3 703 365	23 703 365
Singapore	4,5,9,13,14,21, 22	185 157 099	87 727 282	272 884 381
Thailand	5,10,11	928 000	333 974 927	334 902 927
<b>Total</b>		<b>206 085 099</b>	<b>431 427 688</b>	<b>637 512 787</b>

#### **SOUTH ASIA**

India	2,3,5,9,13,14,1 7,18	328 897 231	229 299 192	558 196 423
Pakistan	5,10,11,21	0	924 589 247	924 589 247
<b>Total</b>		<b>328 897 231</b>	<b>1 153 888 439</b>	<b>1 482 785 670</b>

#### **MIDDLE EAST**

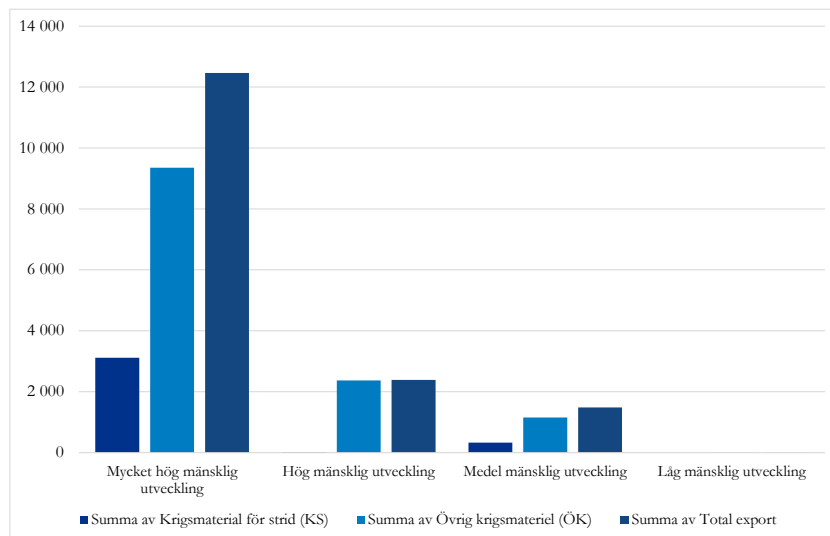
UAE	5,10,11,21,22	0	3 259 735 969	3 259 735 969
Kuwait	4	0	19 694 864	19 694 864
Oman	4,11	0	870 808	870 808
Qatar	4	0	25 328 302	25 328 302
Saudi Arabia	5,11,21,22	0	47 770 607	47 770 607
<b>Total</b>		<b>0</b>	<b>3 353 400 550</b>	<b>3 353 400 550</b>

#### **REST OF AFRICA**

Mauritius	3	0	46 842	46 842
Nigeria	11	0	91 540	91 540
South Africa	1,3,4,8,10,11,1 3,14,21,22	12 217 405	71 487 591	83 704 996
<b>Total</b>		<b>12 217 405</b>	<b>71 625 973</b>	<b>83,843 378</b>

<b>OCEANIA</b>				
	2,3,4,5,8,10,11 ,13,14,15,17,1			
Australia	8,21,22	159 573 218	63 102 830	222 676 048
New Zealand	3,17	9 041 600	1 887 239	10 928 839
<b>Total</b>		<b>168 614 818</b>	<b>64 990 069</b>	<b>233 604 887</b>
<b>INTERNATIONAL ORGANISATIONS</b>				
EU	22	0	1 906 615	1 906 615
<b>Total</b>		<b>0</b>	<b>1 906 615</b>	<b>1 906 615</b>
<b>TOTAL</b>		<b>3 458 897 930</b>	<b>12 869 597 608</b>	<b>16 328 495 538</b>

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



[1] A full list of the breakdown of countries according to the Human Development Index (HDI) can be found in the Human Development Report 2020 (see Annex 6 for source references). The countries Sweden exports military equipment to or has granted export licences to in 2020 are grouped as follows: Countries with very high human development: Andorra, Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Chile, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Monaco, Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Republic of Korea, Romania, Saudi Arabia, Singapore, Slovakia, Slovenia, Spain, Switzerland, Turkey, United Arab Emirates, United Kingdom, United States, Uruguay. Countries with high human development: Brazil, Kuwait, Mexico, Peru, Philippines, South Africa, Thailand. Countries with average human development: India, Pakistan. Countries with low human development: Nigeria

Military equipment was exported to a total of 56 countries as well as the European Union in 2020. Table 16 shows exports in 2020 by region. The regional breakdown follows the breakdown in the EU's annual statistical report to which the ISP contributes statistical material.

**Table 16** Share of actual exports of military equipment in 2020 by region

Region	Percentage share
EU	27.2%
Middle East	20.5%
North America	15.5%
South America	11.9%
South Asia	9.1%
Rest of Europe	7.5%
South East Asia	3.9%
North East Asia	2.2%
Oceania	1.4%
Rest of Africa	0.5%
Central America and the Caribbean	0.1%
International Organisations	Less than 0.1%

Table 17 shows actual exports in 2020 by ML category, broken down into MEC and OME. It should be noted that ML11, ML13–18 and ML20–22 contain only OME.

**Table 17** The value of actual exports of military equipment in 2020 by category of equipment

Category of equipment	Value of MEC	Value of OME
ML1	255 833	18 322 883
ML2	326 583 311	129 149 778
ML3	1 917 289 585	913 539 260
ML4	435 257 458	248 409 794
ML5	250 037 553	753 760 995
ML6	7 607	1 544 739 216
ML7	0	0
ML8	342 174 224	25 465
ML9	184 096 359	108 261 369
ML10	0	7 577 801 955
ML11	-	93 504 587
ML12	0	0

Category of equipment	Value of MEC	Value of OME
ML13	-	83 133 209
ML14	-	80 027 793
ML15	-	4 284 060
ML16	-	42 120
ML17	-	159 765 758
ML18	-	22 727 912
ML19	0	0
ML20	-	0
ML21	-	143 503 473
ML22	-	991 793 981

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

**Table 18 Actual exports in 2020 of small arms, light weapons and MANPADS as defined in the UN Register of Conventional Arms**

<b>Small arms</b>	
1. Revolvers and self-loading pistols	No exports
2. Rifles and carbines	No exports
3. Sub-machine guns	No exports
4. Assault rifles	No exports
5. Light machine guns	No exports
6. Other	Small-calibre ammunition for military use or components for such ammunition were exported to Austria, Denmark, Finland, France, Germany, Italy, Norway, Poland, Spain, Switzerland, United Kingdom and United States.
<b>Light weapons</b>	
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 Hungary, South Africa and the United States. Spare parts, training equipment, components and ammunition for rocket-propelled grenades were exported to Australia, Austria, Brazil, Canada, the Czech Republic, Denmark, Estonia, India, Japan, Latvia, Lithuania, New Zealand, Norway, Portugal and the United States.
5. Portable anti-tank missile launchers and rocket systems	Anti-tank missile launchers were exported to Malaysia, South Africa and the United States. Spare parts, training weapons and components for anti-tank systems were exported to Austria, Brazil, Lithuania, Norway, Switzerland and the United States.
6. Mortars of calibres less than 75 mm	No exports
7. Other	No exports
<b>MANPADS (Man-Portable Air Defence Systems)</b>	
Missiles, spare parts, training equipment etc. for MANPADS were exported to Australia, Brazil, the Czech Republic, Finland, Ireland, 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 19 shows the value and percentage change compared with the previous year regarding actual exports in the past five years broken down into MEC/OME.

**Table 19 The value of actual exports of military equipment in current prices and annual percentage change 2016–2020 (SEK million)**

Category of equipment	2016	2017	2018	2019	2020
Military equipment for combat purposes	4 410 (+24)	6 697 (+52)	4 995 (-25)	2 984 (-40)	3 459 (+16)
Other military equipment	6 579 (+63)	4 554 (-30)	6 375 (+40)	13 290 (+108)	12 870 (-3)
<b>Total</b>	<b>10 989 (+45)</b>	<b>11 251 (+2)</b>	<b>11 370 (+1)</b>	<b>16 274 (+43)</b>	<b>16 328 (0.3)</b>

Table 20 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.

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**Table 20** Share of exports of military equipment in total Swedish exports of goods in current prices 2016–2020

Type of export	2016	2017	2018	2019	2020
Military equipment exports	10 989	11 251	11 370	16 274	16 328
Total exports of goods	1 192 700	1 306 900	1 441 200	1 518 100	1 427 673
Percentage	0.92%	0.86%	0.79%	1.07%	1.14%

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

**Figure 2** Growth in value for actual exports of military equipment in current prices 1972–2020 (SEK million)

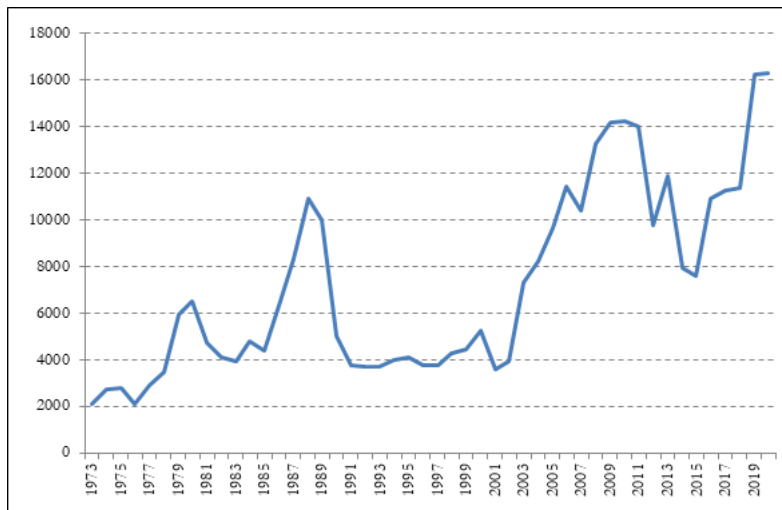


Table 21 shows the value of exports by country over the past three years.

**Table 21** The value of actual exports of military equipment by country 2018–2020 (SEK million)

Country	2018	2019	2020
<b>EU</b>			
Belgium	33	35	18

<b>Country</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Bulgaria	23	10	1.8
Cyprus	-	0.2	-
Denmark	140	161	182
Estonia	145	316	112
Finland	137	455	342
France	293	277	295
Greece	-	-	5.7
Ireland	0.5	1.7	67
Italy	45	69	74
Croatia	0.9	0.7	0.4
Latvia	104	17	215
Lithuania	2.3	45	109
Luxembourg	0.025	0.6	-
Malta	-	0.0	0.05
Netherlands	365	534	648
Poland	118	29	36
Portugal	0.8	3.1	8
Romania	18	11	14
Slovakia	2.3	4.3	3.1
Slovenia	5.6	11	0.7
Spain	38	56	33
Czech Republic	615	537	650
Germany	425	529	654
Hungary	763	881	856
Austria	244	275	122
<b>Total</b>	<b>3 520</b>	<b>4 259</b>	<b>4 447</b>

#### **REST OF EUROPE**

Andorra	0.4	0.3	0.2
Iceland	1.9	1.5	0.8
Monaco	-	-	0.02
Norway	370	601	461
Switzerland	67	206	348
United Kingdom	356	436	419
Turkey	299	42	-
<b>Total</b>	<b>1 094</b>	<b>1 287</b>	<b>1 228</b>

#### **NORTH AMERICA**

Canada	231	227	88
United States	654	1 714	2 447



Country	2018	2019	2020
<b>Total</b>	<b>885</b>	<b>1 941</b>	<b>2 535</b>

#### CENTRAL AMERICA

Mexico	96	22	13
<b>Total</b>	<b>96</b>	<b>22</b>	<b>13</b>

#### SOUTH AMERICA

Argentina	15	5.4	0.02
Brazil	2 955	3 002	1 940
Chile	0.2	-	0.5
Ecuador	0.9	-	-
Peru	1.5	-	8.1
Uruguay	0.1	-	0.1
<b>Total</b>	<b>2 973</b>	<b>3 007</b>	<b>1 949</b>

#### NORTH EAST ASIA

Japan	80	312	115
South Korea	194	499	248
<b>Total</b>	<b>274</b>	<b>811</b>	<b>362</b>

#### SOUTH EAST ASIA

Brunei	0.2	-	-
Philippines	19	129	6
Indonesia	0.6	0.5	-
Malaysia	55	0.7	24
Singapore	96	277	273
Thailand	11	402	335
<b>Total</b>	<b>281</b>	<b>808</b>	<b>638</b>

#### SOUTH ASIA

India	789	893	558
Pakistan	1 050	1 354	925
<b>Total</b>	<b>1 840</b>	<b>2 246</b>	<b>1 483</b>

#### MIDDLE EAST

Bahrain	0.8	0.2	-
UAE	82	1 364	3 260
Jordan	13	7.4	-
Kuwait	7.0	29	20
Oman	4.0	1.4	0.9

Country	2018	2019	2020
Qatar	2.0	5.0	25
Saudi Arabia	85	129	48
<b>Total</b>	<b>194</b>	<b>1 535</b>	<b>3 353</b>
<b>NORTH AFRICA</b>			
Algeria	11	1.4	-
<b>Total</b>	<b>11</b>	<b>1.4</b>	<b>-</b>
<b>REST OF AFRICA</b>			
Botswana	0.08	-	-
Mauritius	-	-	0.05
Namibia	-	1.7	-
Nigeria	-	-	0.1
South Africa	128	112	84
Zambia	0.1	0.5	-
<b>Total</b>	<b>128</b>	<b>114</b>	<b>84</b>
<b>OCEANIA</b>			
Australia	69	236	223
New Zealand	2	4.9	11
<b>Total</b>	<b>71</b>	<b>241</b>	<b>234</b>
<b>INTERNATIONAL ORGANISATIONS</b>			
UN	1.9	-	-
EU	-	0.9	1.9
<b>Total</b>	<b>1.9</b>	<b>0.9</b>	<b>1.9</b>
<b>TOTAL</b>	<b>11 370</b>	<b>16 274</b>	<b>16 328</b>

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

**Table 22 Value of actual exports of military equipment to the 30 largest recipient countries in current prices 1993-2020 (SEK million)**

Place	Country	Total
1.	United States	21 201
2.	Norway	17 150
3.	Brazil	16 042
4.	Netherlands	13 092

Place	Country	Total
5.	South Africa	12 928
6.	India	12 504
7.	Germany	11 272
8.	Pakistan	11 117
9.	Thailand	10 407
10.	United Kingdom	10 108
11.	Czech Republic*	9 955
12.	Finland	9 575
13.	Hungary*	9 235
14.	France	9 180
15.	Singapore	8 882
16.	UAE	7 388
17.	Denmark	7 216
18.	Switzerland	7 130
19.	Australia	5 547
20.	Saudi Arabia	5 504
21.	Canada	4 858
22.	South Korea	3 132
23.	Austria	3 073
24.	Greece	2 726
25.	Italy	2 499
26.	Japan	1 805
27.	Mexico	1 579
28.	Malaysia	1 156
29.	Estonia	1 121
30.	Venezuela	1 004

\* Including lease payments

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

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

Place	2000– 2004	Value	2006– 2010	Value	2010– 2014	Value	2015– 2019	Value
1.	Switzerland	3 725	South Africa	8 051	Thailand	7 967	Brazil	12 308
2.	United States	2 687	Netherlands	7 037	Saudi Arabia	5 125	Norway	6 431

Place	2000– 2004	Value	2006– 2010	Value	2010– 2014	Value	2015– 2019	Value
3.	Norway	2 065	Pakistan	4 161	United States	4 881	United States	4 469
4.	France	1 636	United States	4 016	India	4 361	India	3 774
5.	Singapore	1 496	Czech Republic*	3 443	United Kingdom	3 741	Hungary*	2 896
6.	South Africa	1 468	Denmark	3 283	Netherlands	3 195	Pakistan	2 722
7.	Finland	1 458	Finland	3 183	Norway	3 022	Czech Republic*	2 688
8.	Germany	1 426	Germany	2 854	Czech Republic*	2 915	Germany	2 529
9.	United Kingdom	1 188	France	2 749	Pakistan	2 832	Netherlands	1 913
10.	Hungary*	1 050	Hungary*	2 431	France	2 481	UAE	1 771
11.	India	962	Singapore	2 342	South Africa	2 318	United Kingdom	1 629
12.	Mexico	959	India	2 296	Canada	2 050	Finland	1 589
13.	Denmark	595	Greece	2 259	Germany	2 016	France	1 526
14.	Brazil	527	United Kingdom	2 127	Hungary*	2 001	South Korea	1 476
15.	Australia	508	Switzerland	1 584	UAE	1 943	Thailand	1 198
16.	Austria	465	Norway	1 389	Finland	1 846	Canada	1 171
17.	Venezuela	436	Australia	1 363	Australia	1 639	South Africa	1 008
18.	Greece	378	Italy	1 009	Singapore	1 555	Singapore	933
19.	Malaysia	357	Canada	709	Denmark	1 256	Denmark	874
20.	Thailand	309	South Korea	610	South Korea	761	Austria	760
21.	Canada	205	Spain	407	Algeria	738	Australia	696
22.	UAE	184	Japan	290	Italy	614	Estonia	646
23.	Italy	176	Malaysia	195	Japan	271	Switzerland	576
24.	Netherlands	168	UAE	182	Estonia	266	Italy	536
25.	Japan	160	Thailand	140	Brazil	253	Turkey	535
26.	Spain	159	Austria	128	Switzerland	239	Japan	488
27.	Ireland	144	Poland	112	Brunei	221	Poland	422
28.	Poland	141	Ireland	100	Austria	166	Mexico	321

Place	2000– 2004	Value	2006– 2010	Value	2010– 2014	Value	2015– 2019	Value
29.	Belgium	126	Mexico	91	Poland	141	Saudi Arabia	236
30.	Pakistan	63	Saudi Arabia	89	Spain	130	Latvia	219

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\* 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 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 2020, the ISP approved 10 licences for Swedish companies to enter into agreements involving the granting or transfer of manufacturing rights to parties outside Sweden and 42 licences to enter into cooperation agreements with a party outside the country. In addition, 10 licences were approved for changes to existing agreements. Table 24 shows the number of licences granted per country to enter into licence agreements and partnership agreements. Note that certain agreements relate to both manufacturing rights and cooperation, and that a single agreement may relate to more than one country.

**Table 24** Number of licences granted to enter into agreements on licence production and cooperation broken down by country in 2020

Country	Licence agreements	Cooperation agreements
Denmark	1	3
Estonia	-	9
France	1	11
Italy	-	11
Lithuania	-	1
Netherlands	-	5
Norway	2	4

Country	Licence agreements	Cooperation agreements
Poland	-	1
Peru	2	-
Switzerland	1	1
Spain	-	10
United Kingdom	2	11
Czech Republic	-	2
Germany	-	11
United States	1	6
<b>Total</b>	<b>10</b>	<b>42</b>

A party that has obtained a licence to enter into agreements is obliged to submit details to the ISP annually on the validity of these agreements. In 2020, 13 companies and one government agency reported a total of 35 licence production agreements. At the same time, 16 companies and three government agencies reported 138 cooperation agreements.

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

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

Country	Licence agreements	Cooperation agreements
Australia	1	8
Belgium	-	2
Brazil	2	16
Denmark	4	-
Estonia	-	9
EU	-	10
Finland	1	10
France	1	14
United Arab Emirates	-	3
Greece	1	-
India	1	1
Italy	-	16
Japan	5	3
Canada	2	10
Latvia	1	-
Mexico	-	1
Netherlands	1	13

<b>Country</b>	<b>Licence agreements</b>	<b>Cooperation agreements</b>
Norway	3	15
Pakistan	1	-
Peru	1	2
Poland	2	5
Romania	1	-
Saudi Arabia	-	1
Switzerland	2	5
Singapore	-	6
Spain	1	5
United Kingdom	3	21
South Africa	1	2
South Korea	2	9
Czech Republic	-	2
Germany	-	20
United States	5	25
<b>Total</b>	<b>42</b>	<b>234</b>

## Ownership abroad

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

In 2020, 17 companies reported ownership in 105 foreign legal entities in a total of 42 countries. Table 26 shows the number of foreign legal entities broken down by country in which they operate.

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

<b>Country</b>	<b>Number of Swedish-owned legal entities</b>
Australia	2
Belgium	2
Brazil	9
Bulgaria	1
Chile	1
Colombia	1
Denmark	5
Philippines	1
Finland	5
France	4

<b>Country</b>	<b>Number of Swedish-owned legal entities</b>
UAE	3
Greece	2
India	4
Indonesia	1
Italy	1
Japan	1
Canada	1
Kenya	1
Croatia	1
Latvia	1
Malaysia	4
Mauritius	1
Netherlands	3
Norway	4
Pakistan	1
Poland	1
Romania	1
Saudi Arabia	2
Switzerland	4
Singapore	2
Spain	2
United Kingdom	4
South Africa	1
South Korea	2
Taiwan	1
Thailand	2
Czech Republic	2
Turkey	1
Germany	9
Hungary	1
United States	8
Austria	2
<b>Total</b>	<b>105</b>

### **Military training**

The Swedish Military Equipment Act stipulates that military training of foreign nationals may not be conducted in or outside Sweden without permission from the ISP. This prohibition does not apply to training



provided by government agencies or training associated with sales of military equipment for which export licences have been granted.

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No licences for military training were issued in 2020.

### Further transfer of military equipment

Military equipment which has been exported from Sweden is, as a rule, associated with the end-use obligations which the purchaser is bound by, by signing an end-user certificate. In the event that a previous purchaser wishes to transfer such military equipment further, consent is required from the ISP, which can release the purchaser from its end-user obligations. Approval of such further transfer is conditional on it being possible for an end-user certificate from the new user to be shown. Table 27 shows the licences issued in 2020 for further transfer of equipment originally supplied from Sweden. Note that further transfer within the country and further transfer back to Sweden also require a licence.

**Table 27** Approved further transfer of military equipment in 2020 broken down by country and type of equipment

From	To	Number	Equipment
Australia	United Kingdom	1	Technical data
Australia	United States	1	Parts for unmanned vehicles
Belgium	Italy	1	Explosives
Estonia	Estonia, Switzerland, Spain, Germany, Austria	1	Military vehicles
Estonia	Spain	1	Military vehicles
France	Sweden	1	Silencers for hunting weapons
Iceland	Sweden	1	Silencers for hunting weapons
Italy	Egypt	1	Laser rangefinders
Latvia	Latvia	1	Military tracked vehicles
Norway	Finland	1	Parts for combat vehicles
Spain	India	1	Parts for submarines
Spain	Singapore	1	Parts for submarines
United Kingdom	Denmark	1	Explosives
United Kingdom	Sweden	1	Silencers for hunting weapons
South Korea	Peru	1	Parts for corvettes
United States	Sweden	1	Radar systems

From	To	Number	Equipment
<b>Total</b>		<b>16</b>	

### Individual suppliance

Swedish authorities, Swedish companies and anyone resident or permanently domiciled in Sweden intending to supply military equipment which is located abroad to another party abroad, must in individual cases hold a licence from the ISP, known as an individual supplier licence. Licences are required irrespective of whether the military equipment belongs to the applicant or to another party. Table 28 shows the licences issued in 2020 for supplying military equipment between two parties abroad.

**Table 28 Individual supplier licences granted in 2020 broken down by country and type of equipment**

From	To	Number of approvals	Equipment
Brazil	Brazil	1	Tools for combat aircraft
Estonia	Netherlands	1	Parts for military trucks
France	Japan	1	Parts for weapon station
France	Netherlands	1	Parts for military trucks
France	Norway	1	Parts for missile
UAE	United Arab Emirates	1	IR cameras
Canada	Denmark	2	Components for automatic weapons and ammunition
Latvia	Denmark	1	Diving equipment
Latvia	France	1	Diving equipment
Malaysia	Malaysia	1	Parts for naval gun
Netherlands	Netherlands	6	Military trucks and related parts
United Kingdom	Belgium	1	Ground sensor systems
United Kingdom	Netherlands	2	Ground sensor systems and parts for military trucks
United Kingdom	Poland	1	Ground sensor systems
Czech Republic	Czech Republic	1	Parts for air defence systems
Germany	Brazil	1	Arms for combat aircraft
Germany	Denmark	2	Mine protection systems
Germany	Netherlands	2	Parts for military trucks
United States	United States	2	Production equipment, parts for training aircraft

From	To	Number of approvals	Equipment
<b>Total</b>		<b>29</b>	

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

**Table 29** Number of applications received concerning exports of civil firearms 2018–2020

Type of case	2018	2019	2020
Applications for export licences	248	242	213

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

**Table 30** Number of licences granted concerning exports of civil firearms 2018–2020 by country

Destination	2018	2019	2020
<b>EUROPE</b>			
Andorra	2	2	1
Faroe Islands	-	1	-
Greenland	1	-	-
Iceland	5	5	4

<b>Destination</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Norway	132	126	112
Switzerland	16	26	32
Ukraine	-	1	-
<b>Total</b>	<b>156</b>	<b>161</b>	<b>149</b>
<b>NORTH AMERICA</b>			
Canada	8	5	1
United States	40	41	42
<b>Total</b>	<b>48</b>	<b>46</b>	<b>43</b>
<b>SOUTH AMERICA</b>			
Argentina	1	-	-
Chile	1	1	-
Uruguay	1	-	1
<b>Total</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>NORTH EAST ASIA</b>			
Japan	5	1	1
<b>Total</b>	<b>5</b>	<b>1</b>	<b>1</b>
<b>REST OF AFRICA</b>			
Botswana	1	-	-
Mauritius	-	-	1
Namibia	2	5	2
South Africa	11	12	5
Zambia	1	2	2
<b>Total</b>	<b>15</b>	<b>20</b>	<b>10</b>
<b>OCEANIA</b>			
Australia	5	2	2
New Caledonia	1	-	-
New Zealand	10	6	7
<b>Total</b>	<b>16</b>	<b>8</b>	<b>9</b>
<b>TOTAL</b>	<b>243</b>	<b>237</b>	<b>213</b>

## Transfers within the EU

According to Statistics Sweden, Swedish exports of goods to EU Member States accounted for just over 67% of total Swedish goods exports in 2020. There is no statistical data to suggest that exports of dual-use items differ from the geographical distribution of total exports of goods. 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 428/2009.

Table 1 shows the number of applications for transfer licences to other EU Member States during 2020, divided up by granted and rejected applications for licences.

**Table 1** Number of processed applications for transfer licences to another EU Member State in 2020

Granted	Denials	Total
5	0	5

## 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, New Zealand, Norway, Switzerland and the United States accounted for a total of just under 15 per cent of total Swedish goods exports in 2020.

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 shows the number of exporters that notified use of the general licence EU001 during 2020 and the total number of notifications since its introduction in 2009.

**Table 2** Number of notifications of the general licence EU001

Licences	Notifications in 2020	Notifications since introduction in 2009
EU001	20	220

## 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 just over 18% of total Swedish goods exports in 2020.

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.

Table 3 shows the number of exporters that notified use of the general licences EU002–EU006 during 2020 and the total number of notifications since their introduction. The licences were introduced in November 2011, which is why the total number starts from 2012.

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

Licences	Notifications in 2020	Notifications since introduction in 2012
EU002	1	6
EU003	0	11
EU004	0	8
EU005	0	1
EU006	0	1

## Exports supported by individual and global export licences

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

Table 4 and 5 show the number of decisions on applications for export licences relating to dual-use items, 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 Council Regulation 428/2009. The table reports licences divided up by the control regime under which the item in question 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 2020 concerning dual-use items, broken down by control regime**

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<b>Control regime</b>	<b>Granted</b>	<b>Denials</b>
Australia Group (AG)	361	5
Missile Technology Control Regime (MTCR)	9	1
Nuclear Suppliers Group (NSG)	38	3
Wassenaar Arrangement (WA)	589	43
Total	997	52

Table 5 shows applications for export licences concerning products not covered by control through application of Article 4 of Council Regulation 428/2009, the ‘catch-all’ clause. Application of this clause means that products not listed in Annex 1 to Council Regulation 428/2009 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 2020 concerning dual-use items covered by licence requirements under Article 4 (catch-all) of Council Regulation 428/2009**

<b>Granted</b>	<b>Denials</b>	<b>Total</b>
12	1	13

Table 6 shows the number of granted and rejected applications for export licences under Council Regulation 267/2012 concerning restrictive measures against Iran. According to the Regulation, more items are covered by licence requirements than on export to other countries. For this reason, the applications are presented separately in Table 6 and are thus not included in the material for other tables.

**Table 6 Number of granted and rejected applications for export licences in 2020 under Council Regulation 267/2012 concerning restrictive measures against Iran**

<b>Granted</b>	<b>Denials</b>	<b>Total</b>
227	0	227

Table 7 shows the number of granted applications for export licences broken down into nine product categories in Annex I to Council Regulation 428/2009. Annex I also covers category 0, which concerns nuclear materials, facilities and equipment. Applications for export licences regarding category 0 are reported by the Swedish Radiation Safety Authority (SSM).

**Table 7** Number of export licences granted in 2020 concerning dual-use items broken down by product category and broken down into individual and global export licences

Categories 1–9 in Annex I	Individual export licences	Global export licences	Total
Category 1 <i>Special materials and related equipment</i>	120	9	129
Category 2 <i>Materials processing</i>	318	11	329
Category 3 <i>Electronics</i>	164	8	172
Category 4 <i>Computers</i>	0	1	1
Category 5 <i>Telecommunications and information security</i>	122	42	164
Category 6 <i>Sensors and lasers</i>	184	6	190
Category 7 <i>Navigation and avionics</i>	3	2	5
Category 8 <i>Marine</i>	2	2	4
Category 9 <i>Aerospace and propulsion</i>	2	3	5

Table 8 shows the number of licences granted per country in 2020. The table only includes individual and global licences. As a general rule, these licences are not required for transfers to countries within the EU or to Australia, Japan, Canada, Liechtenstein, Norway, New Zealand, Switzerland and the United States.

**Table 8** Countries covered by the greatest number of granted export licences concerning dual-use items in 2020

Country	Number of licences
China	215
South Korea	80



Country	Number of licences
India	74
Russia	62
Singapore	55
Israel	53
United States	51
Taiwan	44
Brazil	42
Malaysia	37
Turkey	32
United Arab Emirates	28
Saudi Arabia	27
Indonesia	26
Vietnam	25

Table 9 shows the number of rejected applications for individual and global licences in 2020 per country. As a general rule, these licences are not required for transfers to countries within the EU or to Australia, Japan, Canada, Liechtenstein, Norway, New Zealand, Switzerland and the United States.

**Table 9** Countries with the greatest number of denials concerning dual-use items in 2020

Country	Number of licences denied
China	16
Israel	6
Russia	4
Algeria	3
Argentina	2
Hong Kong	2
Kazakhstan	2
Macau	2
Nepal	2
Turkey	2
Vietnam	2

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

Tables 10 and 11 show granted and rejected applications for export licences for dual-use items with military end-users. These licences are broken down into global and individual export licences, and are reported per country and final use.

**Table 10** Number of granted export licences concerning dual-use items for military end-users in 2020

Country	Global export licences	Individual export licences	Final use
Australia	1		Software
Brunei	1		For demonstration
Philippines	1	1	For demonstration, parts for sensor systems (via third country)
United Arab Emirates		1	For naval use
Georgia		1	For border surveillance
India		8	Parts for sensor systems (via third country)
Indonesia	1		For demonstration
Japan	2		Aerospace, software
Jordan		1	Area protection
Canada	2	2	Aerospace, software, parts for sensor systems (via third country)
Kenya		1	For naval use
Kuwait		1	Identification of detonating and chemical substances
Liechtenstein	1		Software
Malaysia	1	1	For demonstration, marine communication
Morocco		1	For demonstration
New Zealand	1	1	Software, parts for sensor systems (via third country)
Oman	1	3	Telecommunications, marine communication, return after repair
Pakistan	1		Return after repair
Qatar	1	3	Telecommunications, marine communication, border surveillance
Saudi Arabia	1		Return after repair
Switzerland	1		Software
Singapore	1		For demonstration
United Kingdom	2		Software

Country	Global export licences	Individual export licences	Final use
South Korea	1	13	For demonstration, for naval use, research, return after repair, coastal surveillance, parts for sensor systems
Taiwan	1		For demonstration
Thailand	1	1	For demonstration, chemical protection
United States	2	2	Aerospace, software, parts for sensor systems (via third country)
Vietnam	1		For demonstration
<b>Total</b>	<b>25</b>	<b>42</b>	

**Table 11** Number of denied applications for export licences concerning dual-use items for military end-users in 2020

Country	Denials of global export licences	Denials of individual export licences	Final use
Algeria		2	Software
Israel		3	Chemical protection, software, components for electronic systems
Lebanon		1	Software
Nepal		1	Software
<b>Total</b>		<b>7</b>	

## Preliminary decisions concerning exports of dual-use items

The report of resolved requests for preliminary decisions is broken down into two main categories. The first category concerns the number of resolved requests for preliminary decisions relating to items controlled under Annex I to Council Regulation 428/2009. 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 Council Regulation 428/2009, 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 can be expected in an

assessment of an application for an export licence. A negative preliminary decision means that the ISP has issued a negative non-binding preliminary decision that a licence cannot be expected in an assessment of an application for an export licence. A final position is always adopted at the time when an application for an export licence is assessed.

**Table 12** Number of positive and negative preliminary decisions issued in 2020 concerning exports of items controlled in Annex I to Council Regulation 428/2009

Positive preliminary decisions	Negative preliminary decisions	Total
32	32	64

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 categories: ‘decision on licence requirement for exports and positive preliminary decision’, ‘decision on licence requirements for exports and negative preliminary decision’ and ‘decision that an export licence is not required’.

The category 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 Council Regulation 428/2009, and that the Authority has issued a non-binding preliminary decision that a licence can be expected in an assessment of an application for an export licence.

The 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 Council Regulation 428/2009, and that the Authority has issued a non-binding preliminary decision that a licence cannot be expected in an assessment of an application for an export licence.

The 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 2020 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
United Arab Emirates			4	4

India	1			1
Iran			8	8
Kazakhstan	1			1
China	8	1	6	15
Pakistan			1	1
Russia		2	3	5
United Kingdom			1	1
Ukraine			1	1
Belarus			1	1
<b>Total</b>	<b>10</b>	<b>3</b>	<b>25</b>	<b>38</b>

**Table 14 Licences for exports, or for transfers within the EU, granted for dual-use items, belonging to Category 0 in Annex 1 to the Dual-Use Regulation, from companies in Sweden (source: SSM)**

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 2020.

Recipient country	Number of global licences	Number of individual licences	Item categories
Argentina	0	1	0C002
Belgium	0	1	0B005
Brazil	1	1	0A001f, 0C002, 0D001
Bulgaria	1	0	0E001
Denmark	1	0	0E001
Finland	2*	2	0A001d, 0A001h, 0D001, 0E001
France	1	2	0A001h, 0E001
Japan	3	1	0A001f, 0D001, 0E001
China	0	2	0A001j, 0E001
Croatia	1	0	0E001
Netherlands	0	1	0E001
Romania	1	0	0D001, 0E001
Switzerland	2*	2	0A001h, 0D001, 0E001
Slovakia	1	0	0D001, 0E001
Spain	1*	1	0A001h, 0E001

United Kingdom	4	3	0A001f, 0A001g, 0A001h, 0D001, 0D001, 0E001
South Africa	0	1	0A001f), 0A001h), 0C002
Czech Republic	0	1	0A001h
Germany	4*	7	0A001d), 0A001f, 0A001h, 0A001h), 0E001
Ukraine	0	4	0A0001f), 0A001d, 0A001f, 0A001f), 0A001h, 0A001h), 0C001, 0C002
United States	6*	23	0A001d, 0A001f, 0A001h, 0C001, 0C002, 0C004, 0D001, 0E001
Austria	1	0	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
Latvia	-	X	X	-	X
Lithuania	-	X	X	-	X
Luxembourg	X	X	X	X	X
Malta	-	X	X	-	X

<b>Country</b>	<b>ZC</b>	<b>NSG</b>	<b>AG</b>	<b>MTCR</b>	<b>WA</b>
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
<b>TOTAL</b>	<b>39</b>	<b>48</b>	<b>43</b>	<b>35</b>	<b>42</b>

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

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

### **The purpose of export controls**

The principal and overriding purpose of export controls is often expressed 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. Another important purpose of export controls is that a country – particularly during times of crisis – will not want to export such products that it will suffer, or risks suffering, a shortage of, and that the country has a great need to keep in the country.

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

### **International export control trends during 2020 in relation to the pandemic**

It is possibly somewhat early to try to look back at international export control trends during 2020, since we are still living with the pandemic that affected the world during the year. Despite this, the most appropriate course of action would be to try to give an initial picture at this stage of how international export controls were affected during 2020.

When it comes to international export controls, the past year can most simply be described as a year of paradoxes, where requirements for immediate and strong export and investment control measures were combined with the fact that certain aspects of the ongoing work to realise these requirements were hampered by the pandemic.

On the one hand, the pandemic initially led to a higher pitch of voice between countries – even between neighbouring countries, for example within the EU – and there were demands for certain strategically important products, such as medical products and certain healthcare materials, to be subject to export controls, including within the EU. This was particularly true of individual countries, but the higher pitch was also noted between autonomous regions within these countries. The situation could be described as a kind of rhetorical low-water mark within international



cooperation on export controls. It might not have meant much in practice, but it did hint at what could be expected if – during normal times – individual countries did not work harder to clarify, prepare and ensure the security of supply of products that are essential for the effective operation of society.

However, this short-term protectionist agitation and concern calmed down fairly quickly. For the sake of balance, it should also be mentioned that even when the pitch of voice was at its highest, several EU countries did offer each other healthcare materials and intensive care places for the most seriously ill in a spirit of cooperation. The EU also began joint negotiations for future vaccines in such a spirit at this time.

The Commission and several other Member States, including Sweden, also noted during the initial period of the pandemic the risk of countries outside the EU with antagonistic intentions of buying strategically important businesses within the EU. The Commission urged the Member States to be alert within this area, to introduce national review systems for investment control, and to make use of the EU framework for screening of foreign direct investment which came into force on 11 October 2020. There is good reason to return to investment control issues later on in this text.

On the other hand, despite the strong international demands to adopt various export and investment control measures, the pandemic led to the customary, ongoing work of the existing export control regimes going more slowly than in a normal year. The work of the export control regimes is essential in order to draw up and update the control lists that state which products and which technologies will be covered by export controls. With regard to the rapid development of emerging technologies – which can often have both civilian and military applications – and the escalating great power tensions, it would be no exaggeration to say that the ongoing work of the export control regimes is more important than ever. Within the Wassenaar Arrangement, it was e.g. decided that – with the exception of minor editorial amendments – no updated control lists should be established and decided on in 2020. The reason for this was the pandemic, and the fact that digital meeting forms were generally not deemed to be sufficiently secure for confidential discussions. Naturally this is unfortunate, but if the control lists can be updated during 2021 this lack of export control should not actually involve a particularly high risk of strategic repercussions.

### **The trend in export controls– the arms build-up and internationalisation place great demands on export controls**

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. This trend continued during 2019, and despite the pandemic meaning that few countries demonstrated economic growth in 2020, the ISP's assessment is that there is reason to assume that the trend of building up arms within the world has continued during 2020, even if it has possibly levelled out somewhat during the year.

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 arms build-up they have themselves, and export controls is a means that has been applied. In view of Sweden’s high-tech industry, Sweden is also affected by this to a 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 dual-use item industry that is leading to heavy demands being made on export control. These requirements go far beyond the traditional export control task of assessing the suitability of a particular kind of military equipment or a particular kind of dual-use item reaching a particular recipient or end-user.

For the past two decades the Swedish defence industry has exported more than half the military equipment produced in Sweden. Despite a strong Swedish build-up of arms, the statistics for 2020 show that this remained the case in 2020. In addition, in recent decades the Swedish defence industry and dual-use item 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 dual-use items on assessing advanced contract arrangements where counter-purchase requirements from a purchasing country may lead to permanent technology transfer, which in turn poses a risk of leading to undesirable technology transfer to third countries.

The closer the European defence industry is interlinked through partnerships, mergers and acquisitions, the greater the challenge becomes when one country, for example Sweden, 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.

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

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

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

## **Military equipment**

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

From the Inspectorate of Strategic Product's point of view, 2020 – just like 2018 and 2019 – was an important year for the implementation of the extensive statutory amendments to the military equipment legislation, including the introduction of administrative financial penalties and provisions on the supervision of government agencies, that entered into force on 15 April 2018. It was also an important year in terms of the application of the changes to the Swedish guidelines on exports and other international cooperation on military equipment that apply 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 2020**

As in 2018 and 2019, the day-to-day work of the ISP in 2020 was notable for the authority's remit to interpret the amended guidelines in the light of changes in the world at large and in Sweden, increased great power tensions and several armed conflicts in the world.

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.

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

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

The parliamentary assembly attached to the ISP, the Export Control Council (ECC), played a very important advisory role during the year with regard to interpretation of the guidelines. Due to the ongoing pandemic, the work with the ECC faced major challenges in 2020. A total of five ECC meetings were held in various formats. Five matters for consultation were discussed at these meetings, all of which related to military equipment. 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 is that the Government has 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 arms build-up objectives Sweden does not wish to contribute, has made great demands in recent years on the ISP's technical expertise and on the authority's security policy risk assessments.

To ensure effective control of these aspects, the ISP continued its work in 2020 with the cooperation forum, the Military Equipment Security Group (MSG), that was established in 2017 and in which issues are discussed with the Swedish Armed Forces, the Swedish Defence Materiel Administration, the Swedish Defence Research Agency and the Ministry of Defence (Government Offices of Sweden). In 2020, as in 2018 and 2019, special focus was placed 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 not, as a rule, 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. Since 2015, Germany has carried out nine post-shipment controls visits abroad and is investigating whether the system should be made permanent. The Czech Republic also has a system in place for regular post-shipment controls. Spain introduced a system for post-shipment controls into its legislation in April 2020. The Spanish system will only apply for export licences granted after this date, and inspections will only be carried out in exceptional cases and with the consent of the recipient country in an end-user certificate.

### **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. To carry out its remit from the Government, the ISP has had regular contact with the Finnish, Norwegian and Danish representatives. Negotiations were completed on the agreement in 2019, with a final report to the Government Offices (the Ministry for Foreign Affairs). During the year, the ISP supported the Government Offices (the Ministry for Foreign Affairs) in the final work prior to signing, which took place on 5 November 2020 during a digital meeting between the four countries' defence ministers. The agreement has entered into force for Sweden.

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## **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, which will probably come into force in April or May 2021, 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 – the Yemen conflict**

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

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

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

July 2019, information in open media sources asserted that the United Arab Emirates would withdraw virtually all military units in combat from Yemen in 2019.

The largest suppliers of military equipment to Saudi Arabia in 2019 and 2020, as in recent decades, were the United States and the United Kingdom. Exports from these countries continued in the same way as previously in 2020, although there is a vigorous internal debate on completely or partially halting deliveries to Saudi Arabia. International experts are of the opinion that in 2020, just as during 2015–2019, Saudi Arabia was the world's largest importer of arms. Sweden deviates significantly from this trend, with Saudi Arabia being in 29th place among the biggest recipients of Swedish military equipment in terms of value during 2015–2019 (see the ISP's statistics).

## **Turkey**

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

No exports of military equipment from Sweden to Turkey took place in 2020.

## **Foreign acquisitions of the defence industry and dual-use item 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, in 2019 the EU adopted Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union – see below under ‘Foreign direct investments’.

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## **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 supplier licences for the individual company, following an assessment of whether there are security and defence policy reasons to grant such a licence and whether it contravenes Sweden’s foreign policy.

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

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

An important national trend, closely associated with export controls in the past 20 years, is that the increase in technical capability of the Swedish defence industry over that period of time can be largely ascribed to 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 activities of the defence industry now account for more than 50 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, and new development of completely new military equipment systems. Maintenance, upgrading and new development of military equipment systems takes place

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

In 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

### **New EU Regulation on dual-use item control**

A new EU Regulation on the control of dual-use items will come into force in 2021. The European Commission proposed a new EU Regulation in 2016, and after several years of negotiations with significant differences of opinion between the Council, the European Parliament and the Commission, the parties finally reached an agreement on 9 November 2020 on the new EU Regulation. This contains provisions on increased control of cyber surveillance technology, as well as emerging technologies and technical assistance. The new EU Regulation also contains provisions on increased information-sharing between the Member States, the

Council, the European Parliament and the Commission, increased transparency and new EU general licences. The EU Regulation involves new and expanded tasks for the ISP.

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## **Assessment of licence applications in 2020**

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.

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

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

With regard to the assessment of licence applications in 2020, changes in the surrounding world, including the build-up of military forces taking place around the world and increased insecurity in the world, have resulted in an increase in the large number of complex cases requiring in-depth analysis before a decision is made. Changes in the world have also led to many denials of applications for export licences in 2020.

## **Cooperation with other authorities**

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

Operationally focused cooperation at administrative level takes place within the Non-Proliferation and Export Control Group (ISEK) through regular meetings between the ISP and the National Defence Radio

Establishment, the Swedish Armed Forces through the Swedish Military Intelligence and Security Service, the Swedish Security Service, the Swedish Defence Research Institute and Swedish Customs.

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 directors-general of the authorities mentioned and met once in 2020.

## Non-controlled products and technology

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

Detecting and identifying Swedish companies that have 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 several subcontractor levels down from the final product. Another example is companies that operate in the fields of emerging technologies, such as artificial intelligence (AI), quantum computers/quantum cryptography, nanotechnology and biotechnology, and whose products are not yet subject to export control.

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

In 2020, technical experts from the ISP, the Swedish Defence Research Institute, the Swedish Defence Materiel Administration and the Swedish Armed Forces collaborated to discover and identify emerging products and technologies that should be regarded as in greatest need of protection, as well as entities that develop and produce these in Sweden.

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

A very important aspect, but one that is difficult to address under the international export control regimes that draw up the control lists of what constitutes military equipment and dual-use items, will in future therefore be to demarcate the areas of emerging technologies so that the civil benefit of these is maximised without being unnecessarily hindered by export

control, at the same time as the military benefit becomes subject to export controls.

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## Foreign direct investments

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

On 4 June 2020, the Government appointed the ISP as the contact point for the implementation of the new EU Regulation. The EU Regulation came into force on 11 October 2020. The ISP has amended the organisation by establishing a new group and recruiting a number of new employees who will work with the tasks resulting from the EU Regulation, which include compiling and submitting an annual report to the Commission on foreign direct investments in Sweden. In June 2020, the Government also tasked the ISP, the Swedish Defence Research Agency, the Swedish Defence Materiel Administration, the Swedish Armed Forces and the Swedish Security Service with developing their cooperation linked to the ISP's new remit. This remit was reported on to the Government Offices of Sweden on 29 September 2020.

The Government's Committee Directive to the Direct Investment Inquiry states that a reasonable starting point is that the contact point should be the government agency that is tasked in the final proposal with reviewing foreign direct investments. If this is the case, there will be additional new and expanded duties for the ISP in the next few years. The Direct Investment Inquiry shall report on its remit in a final report no later than 2 November 2021.

## International sanctions

The ISP is the relevant Government-appointed agency for considering licence applications within the sanction regimes for the Arab Republic of Syria, Belarus, the Democratic People's Republic of Korea, the Democratic Republic of Congo, Iran, Lebanon, Libya, Myanmar (Burma), the Russian Federation, Somalia, Sudan, South Sudan and Venezuela. The

ISP has main responsibility for answering questions about arms embargoes and prohibitions regarding equipment that might be used for internal repression, and for assessing applications for certain exemptions linked to such prohibitions.

## **Iran**

The 2015 Joint Comprehensive Plan of Action (JCPoA) for Iran's nuclear technology programme remains in force despite the United States' unilateral decision in 2018 to withdraw from the agreement. The United States has subsequently reintroduced and expanded the sanctions that were previously lifted as a result of the agreement. The American sanctions partly also affect third countries, known as secondary effects, and have a powerful braking effect on global trade with Iran. This primarily relates to the banking world's unwillingness to deal with transfers with Iranian links.

The sanctions that the EU continues to uphold against Iran under the plan of action remain unchanged and, as previously, involve a large number of items being covered by an obligation to obtain a licence. Despite the described situation and the ongoing pandemic, the number of cases received and dealt with during the year has been greater than expected. The EU sanctions, combined with the uncertainty brought about by the ever-expanding American secondary sanctions, mean that the ISP receives 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 ISP is the national authority for Sweden's undertakings in accordance with the Convention, and the Inspectorate is obliged to attend routine inspections and submit declarations, and otherwise to convey information that Sweden is obliged to provide within its undertakings within the Convention.

The changes to the Convention that came into force on 7 June 2020 mean that additional chemicals have been added to Schedule 1. These chemicals are commonly referred to as the Novichok family.

The Organisation for the Prohibition of Chemical Weapons (OPCW) has worked with relevant states parties to investigate the attack against the Russian opposition leader Alexei Navalny. It concluded that the attack was carried out using an unlisted Novichok agent, which may involve consequences through continued work to list more chemicals.

The OPCW Fact-Finding Mission, which was tasked with gathering facts on chemical weapon incidents, submitted a number of reports during the year regarding suspected cases of chemical warfare agents being used in Syria. In a couple of cases, the Fact-Finding Mission found it likely that chemical warfare agents have been used by Syrian military agents.

In 2020, the OPCW carried out inspections at four of the 24 facilities in Sweden that are subject to inspections. The ISP assisted the OPCW in the inspections.

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## Selected Regulations

### The Military Equipment Act

The Military Equipment Act (1992:1300) applies both to equipment designed for military use and that constitutes military equipment under government regulations and to technical support regarding such military equipment. In the Ordinance (1992:1303) on Military Equipment, the Government specified in more detail what is covered by the provisions of the Act. What constitutes military equipment under the Ordinance coincides with the EU's Joint Military List, with three national supplements. In addition, a distinction between military equipment for combat purposes and other military equipment is made. Military equipment for combat purposes means equipment with a destructive impact including sights for such equipment and fire control equipment. 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 the manufacture, 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 15 April 2018, revised guidelines for military equipment exports were adopted. The full text of the Swedish guidelines (Government Bill 2017/18:23, pp. 66–68) reads as follows:

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

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

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  
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.

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

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

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

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

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

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

The ISP is the licensing authority under the Ordinance.

## 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 s 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.

## **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.

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Appendix 4

## Abbreviations

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

## Guide to other sources

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Australia Group: [www.australiagroup.net](http://www.australiagroup.net)  
European Parliament: [www.europarl.europa.eu](http://www.europarl.europa.eu)  
Council of the European Union: [www.consilium.eu](http://www.consilium.eu)  
European Union: [www.europa.eu](http://www.europa.eu)  
Export Control Council: [www.isp.se/om-isp/vara-rad/exportkontrollradet](http://www.isp.se/om-isp/vara-rad/exportkontrollradet)  
United Nations: [www.un.org](http://www.un.org)  
Action plan for business and human rights:  
<https://www.regeringen.se/informationsmaterial/2015/08/handlingsplan-for-foretagande-och-manskliga-rattigheter/>  
Human Development Report 2020: [www.hdr.undp.org](http://www.hdr.undp.org)  
International Atomic Energy Agency: [www.iaea.org](http://www.iaea.org)  
Inspectorate of Strategic Products: [www.isp.se](http://www.isp.se)  
Missile Technology Control Regime: [www.mtcr.info](http://www.mtcr.info)  
Nuclear Suppliers Group: [www.nuclearsuppliersgroup.org](http://www.nuclearsuppliersgroup.org)  
Organization for the Prohibition of Chemical Weapons: [www.opcw.org](http://www.opcw.org)  
Organization for Security and Cooperation in Europe: [www.osce.org](http://www.osce.org)  
Stockholm International Peace Research Institute: [www.sipri.org](http://www.sipri.org)  
Swedish Radiation Safety Authority: [www.ssm.se](http://www.ssm.se)  
Swedish Export Control Society: [www.exportkontrollforeningen.se](http://www.exportkontrollforeningen.se)  
Swedish Ministry for Foreign Affairs: [www.ud.se](http://www.ud.se)  
Wassenaar Arrangement: [www.wassenaar.org](http://www.wassenaar.org)  
Zangger Committee: [www.zanggercommittee.org](http://www.zanggercommittee.org)