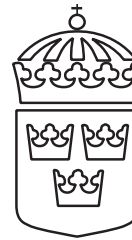


# Government Communication 2018/19:114



## Strategic Export Controls in 2018 – Military Equipment and Dual-Use Items

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The Government submits this Communication to the Riksdag.

Stockholm, 11 April 2019

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## Main content of the Communication

In this Communication, the Swedish Government provides an account of Sweden's export control policy with respect to military equipment and dual-use items in 2018. The Communication also contains a report detailing exports of military equipment during the year. In addition, it describes the cooperation in the EU and other international fora on matters relating to strategic export controls on both military equipment and dual-use items.

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# 1 Government Communication on Strategic Export Controls

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In this Communication the Government provides an account of its policy regarding strategic export controls in 2018, i.e. the export controls on military equipment and dual-use items.

Control of exports of military equipment is necessary in order to meet both our national objectives and our international obligations, and to ensure that the items exported from Sweden are exported in accordance with established export controls regulatory framework. Under Section 1, second paragraph of the Military Equipment Act (1992:1300), military equipment may only be exported if there are security or defence policy reasons for doing so, and provided there is no conflict with Sweden's international obligations or Swedish foreign policy. Applications for licences are considered in accordance with the Swedish guidelines on exports of military equipment, the criteria in the EU Common Position on Arms Exports, and the Arms Trade Treaty (ATT).

The 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. By controlling the trade in dual-use items (DUIs), which principally concerns technology that can be used both for civil purposes and for the production or development of military equipment or weapons of mass destruction, proliferation can be counteracted. 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-fifth 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 continually strives to increase transparency in the area of export controls. Some improvements have been made in this year's communication, in accordance with the Government Bill Stricter Export Controls of Military Equipment (Govt Bill 2017/18:23). The reporting of military equipment has been firstly expanded by factual data not previously published and secondly re-structured for greater clarity and accessibility. Another new feature is that the Inspectorate of Strategic Products (ISP) presents in

Annex 3 its own view of important trends in Swedish and international export controls.

In addition to informing the Riksdag of Sweden's export control policy, the Communication is intended to serve as a basis for wider discussion of issues related to export controls on military equipment and dual-use items.

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

### **Significant events during the year**

Swedish export control regulations are updated regularly. The opportunities for successfully addressing the many problems and challenges that are a feature of non-proliferation efforts are consequently improved.

In October 2017, the Government presented the Government Bill Stricter Export Controls of Military Equipment (Govt Bill 2017/18:23) to the Riksdag with proposals for a number of stricter requirements in military equipment export control. The Bill, which was adopted by the Riksdag on 28 February 2018, largely implements the proposals submitted by the parliamentary Supervisory Committee for Military Equipment Exports (KEX) in its final report (SOU 2015:72). The new rules came into effect on 15 April 2018.

In autumn 2017, the Government also decided to instruct the ISP to investigate and present proposals for a system for post-shipment controls of military equipment abroad, with the aim of obtaining further tools to ensure that military equipment exported from Sweden goes to intended recipients and is not diverted to other destinations. The ISP presented its proposal to the Government in March 2018. Opinions on the proposal were then obtained from referral bodies affected.

To further clarify the links between national and international regulatory frameworks on export controls, an inquiry chair was appointed to examine the prospects of combining the Swedish guidelines for material equipment exports with the provisions of the EU's Common Position and the Arms Trade Treaty. The inquiry chair's report Consolidation of national and international guidelines for export control of military equipment (Ds 2018:16) was submitted in February 2018.

The review of the implementation of the EU's Common Position on exports of military technology and equipment (2008/944/CFSP) and its User's Guide was launched in 2018. Sweden played an active part in the review activity, for example by pressing for the democratic status of the

recipient country to be a factor in licence assessment. This review work is continuing in 2019.

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The rules for export control of dual-use items (DUIs) are common to the EU Member States. The work of the Working Party on Dual Use Goods (WPDU) was dominated in 2018 by continued negotiations on the Commission's proposal<sup>1</sup> 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).

Activity under the Arms Trade Treaty was further consolidated in 2018. Sweden was responsible during the year for a sub-working party concerned with implementation of Articles 6 and 7 of the Treaty. Sweden has also continued to support implementation of the Treaty by the states parties and to promote further accession to the Treaty through voluntary contributions to the funds used to support implementation in various countries. The Treaty had 100 states parties at the end of 2018.

### **Summary of the statistical data**

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

In line with the Government Bill Stricter Export Controls for Military Equipment (Govt Bill 2017/18:23) and as part of the work on greater transparency, certain improvements have been made to the statistical reporting for 2018. The reporting has been expanded by factual data not previously published and re-structured for greater clarity and accessibility.

Activity related to military equipment in 2018 is presented in Annex 1. Exports are shown over the course of time, as individual licences or deliveries of major systems may cause wide fluctuations in the annual statistics. For the purpose of comparison over time, some data from previous years is therefore presented in Annex 1.

In 2018, 233 companies, authorities and private individuals held licences for manufacturing/brokering of military equipment. This represents a sharp increase in comparison with previous years. One reason for this is that amendments to the Military Equipment Act mean that some further activities require brokering licences. The increase relates principally to operators who provide military equipment to government agencies and to sub-contractors of system manufacturers of military equipment.

Sixty-three countries, as well as the UN, received deliveries of military equipment from Sweden in 2018. In seven cases only hunting and sport shooting equipment was received (Andorra, Botswana, Chile, Greenland [DK], Portugal, Uruguay and Zambia). The value of military equipment exports in 2018 was just under SEK 11.4 billion. The value of exports was thus largely unchanged from the previous two years. It is unusual for the value of exports to be at such a stable level over time, and shifts can be

<sup>1</sup> Proposal for a Regulation of the European Parliament and of the Council setting up a Union regime for the control of exports, transfer, brokering, technical assistance and transit of dual-use items (recast), COM(2016)616 final.

expected in the coming years due to certain major sales of military equipment having taken place.

By far the largest recipient country for Swedish military equipment in 2018, as in previous years, was Brazil (just under SEK 3 billion). This value is principally made up of continued deliveries under the JAS Gripen project. Alongside Brazil, the most significant recipient countries were Pakistan (SEK 1.05 billion), India (SEK 789 million), Hungary (SEK 763 million) and the United States (SEK 654 million). With regard to Pakistan, by far the greater part of the export value was made up of a follow-on delivery relating to airborne radar. Further rocket-propelled grenade ammunition and a large number of components for military equipment were delivered to India. Continued deliveries of spare parts and support for combat aircraft were made to Hungary, while the deliveries to the United States included follow-on deliveries for naval artillery systems and rocket-propelled grenade systems.

Just under 80% of exports went to Sweden's established recipient countries. Around 1.7% of the export value related to countries in the Middle East and 0.1% to those in North Africa.

The value of the export licences granted in 2018 amounted to just under SEK 8.5 billion, which is an increase of 4 per cent compared with 2017. The value of granted licences gives only a preliminary indication of future exports. Among other things, no value is stated when general licences are granted. Some spare parts licences are also issued without any limit on value.

The highest value of licences in 2018 related to Switzerland, followed by the United States, the United Kingdom, Pakistan and Finland. The value of the granted licences was dominated by established partner countries.

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

The number of granted export licences relating to DUIs decreased slightly in 2018 in comparison with the previous year. Most granted licences related to China, followed by Russia, India, South Korea and Taiwan. The number of denied licences relating to DUI exports increased in 2018.

## 2 Military equipment

### 2.1 Background and regulatory framework

A licence requirement for exports of military equipment is necessary to ensure that exporting of items from Sweden and provision of technical assistance comply with established export controls regulatory framework. A modernised and more stringent Swedish export control regulatory framework for military equipment entered into force on 15 April 2018 (Govt Bill 2017/18:23). The background to this was that development over recent decades in the areas of foreign, security and defence policy has led to changes in the circumstances for and requirements to be met in Swedish military equipment export controls. The regulatory framework for Swedish export controls consists of the Military Equipment Act (1992:1300) and the Military Equipment Ordinance (1992:1303), as well as the principles and guidelines on exports of military equipment decided upon by the Government and approved by the Riksdag. Under Section 1, second paragraph of the Military Equipment Act (1992:1300), military equipment may only be exported if there are security and defence policy reasons for doing so, and provided there is no conflict with Sweden's international obligations or Swedish foreign policy in general. Sweden's international obligations also must be taken into account in the examination of applications for licences, including Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, as well as the criteria set forth in the Arms Trade Treaty.

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

Under the Military Equipment Act, export controls cover the manufacture, supply and export of military equipment, as well as certain agreements on rights to manufacture military equipment etc. In accordance with the same Act, a licence is required to carry out training with a military purpose. The Act applies both to equipment that is designed for military use and that constitutes military equipment under government regulations and to technical support regarding 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**

In October 2017 the Government presented the Government Bill Stricter Export Controls for Military Equipment (Govt Bill 2017/18:23) to the Riksdag with proposals for a number of stricter requirements in military equipment export controls. The Bill largely implements the proposals submitted by the parliamentary Supervisory Committee for Military Equipment Exports in its final report (SOU 2015:72). The Bill proposed that the democratic status of the recipient country should be a key condition in assessment of licence applications. The worse the democratic status, the less scope there is for licences to be granted. If serious and extensive violations of human rights or severe deficits in the recipient's democratic status occur, this poses an obstacle to granting licences. Assessment of applications for licences must also take account of whether the export counteracts sustainable development in the recipient country. In addition, the principles for follow-on deliveries and international partnerships are clarified. Strengthened supervision, sanction charges for certain contraventions of the rules and greater openness and transparency on issues relating to military equipment exports are also proposed.

The new regulatory framework was adopted by the Riksdag on 28 February 2018 and entered into force on 15 April 2018. The ISP was allocated increased resources from 2018, partly for application of the new regulatory framework. In the day-to-day work of the ISP, the period after 15 April 2018 has been notable for the authority's remit to interpret the amended 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.

### **Export controls and the Policy for Global Development**

One of the Government's explicit aims has been to strengthen work on the Policy for Global Development (PGD, Govt Bill 2002/03:122, Report 2003/04:UU3, Riksdag Communication 2003/04:122). The Policy for Global Development has been relaunched in light of the fact that the 2030 Agenda for Sustainable Development was adopted internationally in 2015. The Government presented the communication Policy for Global Development in the implementation of the 2030 Agenda (Comm. 2017/18:146) to the Riksdag in 2018. The 2030 Agenda contains a declaration, 17 Sustainable Development Goals and 169 sub-goals. Implementation of the 2030 Agenda requires consensus to be strengthened between different policy areas, with the aim of increasing the contribution of combined policy to fair and sustainable development. Synergies must be strengthened and conflicting goals should be clarified and be the subject of conscious and considered choices. The Policy for Global Development is based on the idea that political decisions taken in Sweden often have a global impact, and before decisions are made they should be scrutinised and assessed from a rights perspective and the perspective of poor people.

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

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The Government's desire is to avoid Swedish exports of military equipment that negatively affect efforts to contribute to equitable and sustainable global development. This takes place mainly through it having to be considered in assessment of licence applications whether the export or foreign collaboration counteracts fair and sustainable development in the recipient country (Govt Bill 2017/18:23) and through the application of the EU Common Position on Arms Exports, the eighth criterion of which highlights the technical and economic capacity of recipient countries and the need to consider whether a potential export risks seriously hampering sustainable development.

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

By conducting a feminist foreign policy, the Government is endeavouring systematically to achieve outcomes that strengthen the rights, representation and resources of women and girls. The Government puts strong emphasis on preventing and counteracting gender-based and sexual violence in conflict and in communities in general. An important part of this work is the strict control of exports of military equipment from Sweden.

There is often a correlation between accumulations of small arms and light weapons and the occurrence of violence in a conflict or in a society. Illegal and irresponsible transfers of weapons and ammunition are a particular problem in this context, as is inadequate control of the stockpiling of such equipment.

Sweden, together with other countries, successfully pressed for introducing the term gender-based violence (GBV) into the Arms Trade Treaty, which represented the first time the term had been used in an international, legally binding instrument. In line with its policy, the Government is now actively working for these issues to continue to be highlighted and followed up in work on the Treaty. Sweden is arguing among other things for Article 7(4) of the Arms Trade Treaty to be put into operation and applied in practice by the states parties. The Treaty provides in this article that the states parties have to take into account the risk of exported equipment being used to commit or facilitate serious acts of gender-based violence or serious acts of violence against women or against children.

It should be noted that consideration of Article 7(4) of the Treaty takes place in addition to the assessment made previously with respect to human rights under the Swedish guidelines, and according to Criterion Two of the EU's Common Position (2008/944/CFSP) on exports of military equipment. The latter regulatory frameworks are therefore also significant in this context.

These issues were among those considered in work on formulating the new regulatory framework for military equipment. The Government Offices of Sweden continuously endeavours to ensure that the Inspectorate

of Strategic Products 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.

The Government also endeavours to increase knowledge in this area, in part by promoting more comprehensive data gathering on the presence of small arms and light weapons and what effects this has on women and men, girls and boys.

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

The Government has prepared a new, ambitious sustainable business policy. In December 2015, a communication was presented to the Riksdag containing the Government's view on a number of issues in relation to sustainable business, for example human rights, working conditions and environmental concerns (Policy for Sustainable Enterprise, Government Comm. 2015/16:69). A national action plan has also been developed for enterprise and human rights. There is a clear expectation on the part of the Government that Swedish companies will act sustainably and responsibly and base their work on the international guidelines for sustainable enterprise, both at home and abroad. A number of measures have been taken to encourage and support companies in their work on sustainability. Among other things, new legislation on sustainability reporting for large companies, clearer criteria for sustainability in the Public Procurement Act and stronger legal protection for whistleblowers have been introduced.

Anti-corruption is a key issue in the Government's more ambitious policy for sustainable enterprise. Both the giving and accepting of bribes have long been criminal offences under Swedish law. In addition, the reform of bribery legislation in 2012 introduced among other things a provision making the funding of bribery through negligence a criminal offence. In addition to what is governed by Swedish legislation, the Government expects Swedish companies to apply a clear anti-corruption policy and contribute to greater transparency.

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

In various international fora, Sweden actively promotes the effective application of conventions prohibiting bribes in international business transactions. For example, this applies to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the UN Convention against Corruption and the Council of Europe's civil-law and criminal-law conventions in the area. The Government has previously welcomed the initiative taken by European manufacturers of military equipment through the AeroSpace and Defence Industries Association of Europe (ASD), and its American counterpart, to develop and apply an international code of conduct, including zero tolerance of corruption. The largest Swedish trade association, the Swedish Security and Defence Industry Association (SOFF), which represents more than 95 per cent of companies in the defence industry in Sweden, requires prospective members to sign and comply with its Code of Conduct on Business Ethics as a condition of membership. The Code of Conduct aims to ensure a high level of business ethics. Individuals who

represent the companies also undergo special e-training on anti-corruption that has been developed jointly by SOFF and the Defence Materiel Administration (FMV). To date, 4 600 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 also takes part.

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## 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 confirmed in May 2015 in Defence Policy Orientation – Sweden's Defence 2016–2020 (Govt Bill 2014/15:109) that Sweden's security is built in solidarity together with others and that threats to peace and security are best averted together and in collaboration with other countries and organisations. Sweden's security and defence cooperation is developed together with Finland, the other Nordic countries and the Baltic states, as well as in the framework of the EU, the UN, the Organisation for Security and Co-operation in Europe (OSCE), the NATO partnerships and the transatlantic link.

Both Sweden's involvement in international crisis management and its enhanced cooperation in its vicinity emphasise the importance of a capacity for practical military collaboration (interoperability) with other countries and organisations. Interoperability is dependent on Sweden's military equipment systems being able to function together with the equipment of partner countries, as well as being technically mature, reliable and available. In many cases this is at least as important as the equipment being of the highest level of technical performance. It is in Sweden's security policy interest to safeguard long-term and continuous cooperation on equipment issues with a number of traditional partner countries. This mutual cooperation is based on both exports and imports of military equipment.

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

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

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

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

The meeting of the European Council in June 2015 re-confirmed the importance of continuing to work on the basis of the European Council's discussion in December 2013 on Common Foreign and Security Policy. Particular emphasis was given to the importance of strengthening the competitiveness of the European defence industry. A new level of ambition for Common Foreign and Security Policy was adopted at the meeting of the European Council in December 2016. The Council welcomed the Commission's proposals on a European action plan in the area of defence as its contribution to the development of European security and defence policy. In 2017 Permanent Structured Cooperation (PESCO) on defence cooperation, a test round of the Coordinated Annual Review on Defence (CARD) was established within the EU, and the negotiations on a new European Defence Fund (EDF) and its two test programmes in the form of the European Defence Industrial Development Programme (EDIDP) and the Preparatory Action for Defence Research continued in 2018.

Sweden participates in various cooperation projects conducted by the European Defence Agency (EDA). The Government's fundamental position is that Sweden should participate in and influence the processes that are getting under way in European cooperation, which also relates to the work as part of the EDA. Cooperation as part of the EDA has led to better opportunities for the Swedish Armed Forces to function effectively and has also improved prospects for more effective research cooperation.

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

major impact on the emerging common defence and security policy in Europe, both directly and indirectly. Comm. 2018/19:114

Cooperation in multilateral frameworks pays dividends in terms of improved resource utilisation from a European perspective and increasingly harmonised and improved European and transatlantic cooperative capability. In this context, the EDA and NATO/the Partnership for Peace, together with the FA/LoI 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, tracked vehicles,
- short and long-range weapons systems: land and sea-based and airborne, including missiles,
- small and large-bore ammunition,
- smart artillery ammunition,
- land and sea-based and airborne radar and IR systems,
- electronic warfare systems: passive and active,
- telecommunications systems, including electronic countermeasures,
- command and control systems for land, sea and air applications,
- systems for exercises and training,
- signature adaptation (e.g. camouflage systems and radar),
- systems for civil protection,
- encryption equipment,
- torpedoes,
- maintenance of aircraft engines,
- gunpowder and other pyrotechnic materials,
- services and consultancy,
- support systems for operation and maintenance.

## **2.3 Cooperation within the EU on export controls on military equipment**

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

The EU Member States have national rules concerning the export of military equipment. However, the Member States have to some extent chosen to coordinate their export control policies. The EU Code of Conduct on Arms Exports, adopted in 1998, specified 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, Macedonia, Montenegro 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.

### **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. If another member state is considering granting a licence for an essentially identical transaction, consultations are to take place before the licence can be granted. The consulting Member State must also

inform the notifying state of its decision. The exchange of denial notifications and consultations on the notifications make export policy in the EU more transparent and uniform in the longer term between the Member States. The consultations lead to greater consensus on different export destinations. Member States notifying each other about the export transactions that are refused, and explaining the grounds for such refusal, reduces the risk of another member state approving the export. The ISP is responsible for issuing details of Swedish denials and arranging consultations.

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In 2018, Sweden received 322 denial notifications from other Member States and Norway. Sweden issued 20 denial notifications. These applied to Bangladesh (2), India, Israel, the Philippines, Qatar (3), Saudi Arabia, Serbia, Turkey (8), the United Arab Emirates and Uzbekistan. Sixteen denials were made with reference to the Swedish guidelines, while four denials referred to one of the criteria in the EU Common Position. Sweden received three consultation enquiries from other EU Member States in 2018. No consultation was initiated by Sweden during the year.

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 control does not use a system involving lists of countries, i.e. predetermined lists of countries that are either approved or not approved as recipients. Each export application is considered individually, as mentioned, in accordance with the guidelines adopted by the Government for exports of military equipment, the EU Common Position on Arms Exports and the Arms Trade Treaty. To allow a licence to be granted, the application must be supported by the regulatory framework as a whole.

### **Work as part of COARM**

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

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

In 2018, a review of the application of the Common Position and its User's Guide (in accordance with Council conclusions 10900/15) was launched in COARM. Sweden played an active part in the review activity, for example by arguing for the democratic status of the recipient country, in accordance with the Swedish rules, to be a factor in licence assessment. The review is continuing into 2019.

Within the framework of the COARM dialogue there is also a continuous exchange of information between EU Member States regarding existing international cooperation in the area. The ambition is to

find common ground that can strengthen the Member States' actions in other fora, such as the Arms Trade Treaty.

Through COARM, the EU additionally pursues an active policy of dialogue with third countries on export controls. In this context, exchanges took place in 2018 with Norway, Canada, Ukraine and the United States.

Another aspect of the work aimed at third countries is the support programmes (outreach) 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. Swedish experts took part in such a support programme in 2018, with activities in countries such as Chile, Colombia and Nigeria.

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

Under the Swedish Presidency in 2009, Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community, the ICT Directive, was adopted. The intention with the Directive was to allow for more competitive groups of defence industry companies and defence cooperation at the European level. The European Commission is in charge of implementation of the Directive with the assistance of a committee of Member State representatives, the ICT Committee. The committee held one meeting in 2018.

At the same time, in 2018 the Commission continued its review of the Directive in accordance with its Article 17. As part of this work, the ICT Committee organised a technical working group to develop a basis for harmonising the implementation of the Directive at national level. To this end, the working group held one working meeting with representatives of the EU Member States.

### **Article 10 of the UN Firearms Protocol**

Regulation (EU) No 258/2012 of the European Parliament and of the Council implementing Article 10 of the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the UN Convention against Transnational Organized Crime (UN Firearms Protocol), and establishing export authorisation, and import and transit measures for firearms, their parts and components and ammunition was adopted in 2012. The intention of the regulation, and of the UN protocol, is to combat crime by reducing access to firearms. References to exports in the Regulation indicate exports outside of the EU; as far as Sweden is concerned, 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 etc. for civilian use. It does not apply to firearms etc. specially designed for military use, or to fully automatic weapons. Furthermore, bilateral transactions, firearms etc. destined for the armed forces, the police or the authorities of the Member States, collectors and bodies concerned with the cultural and historical aspects of firearms

etc., deactivated firearms and antique firearms and their replicas fall outside of the scope of the Regulation.

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

The Regulation has been applied in Sweden since 2013. There are provisions that complement the EU Regulation in the Ordinance (2013:707) concerning the control of certain firearms, parts of firearms and ammunition. The ISP is the authority responsible for licences in accordance with the EU Regulation. In 2018, 248 cases were received and 247 decisions were issued.

### **Arms embargoes etc.**

Within the scope of its Common Foreign and Security Policy (CFSP), the EU implements embargoes 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 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 a prohibition on the provision of technical and financial services relating to these items.

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

There are currently formal EU decisions, either independent or based on UN decisions, that arms embargoes apply to Afghanistan, Belarus, the Central African Republic, the Democratic Republic of Congo, Iran, Iraq, Lebanon, Libya, Myanmar (Burma), North Korea, the Russian Federation, Somalia, South Sudan, Sudan, Venezuela, Yemen and Zimbabwe. The embargoes vary in their focus and scope. There are also individually targeted arms embargoes against individuals and entities currently named on the UN terrorist list. The EU also applies an arms embargo against China, based on a Council declaration issued as a result of the events in Tiananmen Square in 1989. Sweden does not permit the export of any

military equipment to China. Under an OSCE decision, a weapons embargo is also maintained on the area of Nagorno-Karabakh.

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

## 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/missile launchers. The definitions of the different categories have been successively expanded to include more weapons systems, and it is now also possible to voluntarily report trade in Small Arms and Light Weapons (SALW). Particular importance is now attached to Man-Portable Air Defence Systems (MANPADS), which have been included in the category of missiles/missile launchers since 2003. The voluntary reporting also includes information on countries' stockpiles of these weapons and procurements from their own defence industries. In consultation with the Ministry of Defence and the ISP, the Ministry for Foreign Affairs compiles annual data, which is submitted to the UN in accordance with the resolution.

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

Sweden's share of world trade in heavy weapon systems continues to be limited. The report that Sweden will submit to the UN Register for 2018 will include exports to Austria (tracked vehicle BvS10). Trade in heavy weapons systems and small arms and light weapons is reported annually to the OSCE in the same way as to the UN.

The reporting mechanism of the Wassenaar Arrangement regarding exports of military equipment largely follows the seven categories reported to the UN Register. However, certain categories have been refined through the introduction of subgroups and an eighth category for small arms and light weapons has been added. The Member States have agreed to report twice yearly, in accordance with an agreed procedure, and

further information may then be submitted voluntarily. The purpose of this agreement is to draw attention to destabilising accumulations of weapons at an early stage. Exports of certain dual-use items and technology are also reported twice yearly.

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### **The Arms Trade Treaty**

In April 2013, the UN General Assembly voted to approve the international Arms Trade Treaty (ATT). The Treaty created an internationally binding instrument that requires its parties to maintain effective national control of the international trade in defence equipment and sets standards for what this control will entail. The anticipated long-term effects of this treaty are a) countries that regularly produce and export military equipment taking greater responsibility; b) a reduction in unregulated international trade, as more states accede and introduce controls on their trade; c) better opportunities to counteract the illegal trade, through the increased number of countries that exercise control and through improved cooperation between them.

Sweden and the other EU countries were active advocates for the instrument during the negotiations on a treaty. All the EU Member States have since ratified the Treaty and are therefore full states parties to it. The Treaty entered into force in 2014. By the end of 2018, 135 countries had signed and 100 countries had formally ratified the Treaty.

The fourth Conference of States Parties to the ATT was held in 2018. Three working groups have been set up for Treaty work between the Conferences. They discuss effective implementation of the Treaty, universalisation of the Treaty and transparency and reporting issues. Finally, a Voluntary Trust Fund has been established for support to those states parties needing help in improving their controls of the international arms trade.

Sweden coordinated work in the area of reporting from 2014–2017. Sweden has subsequently been what is known as a facilitator for issues concerning implementation of Articles 6 and 7 of the Treaty and a member of the Management Committee, as well as continuing to take part in other working groups and the Voluntary Trust Fund steering group.

EU Member States continued in 2018 to coordinate their actions concerning the ATT in the Council working group COARM. Significant efforts are also being made to promote universal accession to the Treaty. The EU's triennial programme to support implementation of the Treaty by other countries, and therefore their prospects of acceding to it, has been met with significant interest, and activities have so far been carried out in more than ten countries and in a number of regional contexts.

In 2018, Sweden contributed for the fifth time to the UN Trust Facility Supporting Cooperation on Arms Regulation (UNSCAR), which includes funding to projects that support the implementation of the ATT. Sweden is one of around 10 countries that have contributed to this fund. Sweden has also contributed to the Voluntary Trust Fund set up under the Treaty. The two funds complement each other in that they are focused on different support channels. UNSCAR operates through international organisations and civil society organisations, while the Voluntary Trust Fund under the ATT is aimed directly at states parties.

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

### **Small arms and light weapons (SALW)**

The expression small arms and light weapons (SALW) essentially refers to firearms which are intended to be carried and used by one person, as well as weapons intended to be carried and used by two or more persons. Examples of the former category include pistols and assault rifles. Examples of the latter include machine guns, rocket-propelled grenades and portable missiles. Work to prevent and combat the destabilising accumulation and the uncontrolled proliferation of small arms and light weapons is currently taking place in various international fora such as the UN, the EU and the OSCE. No other type of weapons causes more deaths and suffering than these, which are used every day in local and regional conflicts, particularly in developing countries and in connection with serious crime.

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

The UN's Third Review Conference on the Programme of Action on Small Arms and Light Weapons was held in 2018. The final document that was adopted contains strengthened language on areas such as gender and data collection. Sweden played an active role in the negotiations. During the year, the EU adopted an improved strategy against illegal firearms, as well as small arms and light weapons. The strategy contains a number of proposals for measures for work on SALW within the Union's borders and in the vicinity of the EU and reflects Swedish priorities well.

The annual OSCE Ministerial Council adopted a declaration on the organisation's work in the area of standardisation and good approaches to combating illegal proliferation of SALW and safe stockpiling of ammunition.

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

Sweden is working towards a situation where every country establishes and implements a responsible export policy with comprehensive laws and regulations. The aim is for all countries to have effective systems that control manufacturers, sellers, buyers, agents and brokers of SALW.

## **The Six-Nation Initiative**

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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 promote the rationalisation, restructuring and operation of the European defence industry. Activity in the six-nation initiative and its working groups has also covered export control issues.

In 2018, the Export Control Informal Working Group, chaired by France, continued to deal with the implementation and application of the ICT Directive (2009/43/EC), in close collaboration with the Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs and the group that has been established for work under the ICT Committee. The six-nation initiative has focused on opportunities for harmonising the scope of and conditions in general licences the Member States are to issue under the Directive. Work has also been undertaken to come up with a joint definition in the EU's Common Military List for the concept 'specially designed for military use'.

## 3 Dual-Use Items

### 3.1 Background and regulatory framework

The issue of non-proliferation of weapons of mass destruction has long been high on the international agenda. Particular attention has been given to the efforts to prevent further states from obtaining weapons of mass destruction. Since the acts of terrorism on 11 September 2001, close attention has also been paid to non-state actors.

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

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

The term dual-use items (DUIs) is used in reference to items produced for civil use that may also be used in the production of weapons of mass destruction or military equipment. Certain other products of particular strategic importance, including encryption systems, are also classified as DUIs. In recent decades, the international community has developed a range of cooperation arrangements to limit the proliferation of these products. EU countries have a common regulatory framework in the Dual-Use Regulation. Export control itself is always exercised at national level, but extensive coordination also takes place through international export control regimes and within the EU.

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

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

used for military purposes. History has shown that countries which have acquired military capacity in this way have imported those products from companies that were not aware of their contribution to the development of, for example, weapons of mass destruction. Often the same purchase request is sent to companies in different countries. Previously, one country could refuse an export licence while another country granted it. Consequently, there was an obvious need for closer cooperation and information sharing between exporting countries. This need prompted the establishment of the export control regimes. The need for coordinated control has been underscored in recent years by the threat of terrorism.

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

The Dual-Use Regulation states that the Member States can also use a mechanism that enables products not on the lists to be made subject to controls in the event that the exporter or the licensing authorities become aware that the product is or may be intended for use in connection with the production etc. of weapons of mass destruction or for other military purposes. This is known as a catch-all mechanism, and is also common practice within the international export control regimes.

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

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

It is difficult to provide an overall picture of the industries that work with DUIs 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 (EU002–006) for certain products going to certain destinations, export after repair/replacement, temporary export to exhibitions and trade fairs, certain chemicals and telecommunications. The number of countries covered by licences EU002–006 ranges from six countries in EU002 and EU006 to nine in EU005 and 24 countries in EU003 and EU004. The purpose of the general licences is to make it easier for the companies, which only need to report to the licensing authority 30 days after the first export has taken place.

Unlike companies which are subject to the military equipment legislation, no basic operating licences under the export control legislation are required for companies that produce or otherwise trade in DUIs. Nor are these companies obliged to make a declaration of delivery in

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accordance with the export control legislation. However, a company is obliged to make a fee declaration if it has manufactured or sold controlled products subject to supervision by the ISP. This includes sales within and outside of Sweden.

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

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

The embargo on trade in DUIs is in accordance with decisions by the UN and has been implemented and expanded by the EU to encompass North Korea. Under an EU decision, this embargo is complete, i.e. it covers all products on the EU control list. Certain similar items are also covered by an embargo. The same applies with regard to the embargoes introduced by the EU due to the human rights situation in Iran, which are, however, linked to different types of licensing procedures. Against the background of Russia's actions in Ukraine, the EU has furthermore adopted certain restrictive measures (sanctions) against Russia. Export restrictions cover the entire EU control list for DUIs, when intended for military end use or for military end users. In accordance with EU decisions, exports of certain DUIs are also prohibited or covered by a licence requirement in relation to Syria. On 16 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. On 8 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 on 7 August and in a second stage on 5 November. The EU's commitments to the agreement remain in place. Licensing procedures now apply to DUIs that have been previously been subject to embargoes. However, this does not apply to items covered by the Missile Technology Control Regime (MTCR).

### **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) and the 1993 Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (CWC). Sweden is a state party to all three conventions (see SÖ 1970:12, SÖ 1976:18 and SÖ 1993:28).

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

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

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

Although the primary objective of these international agreements is to prevent the proliferation of weapons of mass destruction and to promote disarmament, they also require the parties to promote trade for peaceful purposes. The reason for this is that a substantial proportion of the products and technologies concerned are dual-use items.

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

To strengthen international cooperation on the non-proliferation of weapons of mass destruction, some forty countries have, on their own initiative, come together in five international export control regimes: the Zangger Committee, the Nuclear Suppliers Group, the Australia Group, the Missile Technology Control Regime and the Wassenaar Arrangement.

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

Cooperation in the multilateral export control regimes is grounded in a shared political will to prevent the proliferation of weapons of mass

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

### **The Zangger Committee**

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

### **The Nuclear Suppliers Group**

The Nuclear Suppliers Group (NSG) has its origins in the "London Club", established in the mid-1970s. The work of the NSG is concerned with the export control of products listed in Part 1 and Part 2 of the NSG Guidelines, including products with nuclear applications and DUIs that can be used in connection with the development or production of nuclear weapons. These products are listed in the IAEA's Information Circular No. 254, which includes two control lists for each group of items (INFCIRC/254/Rev.13/Part 1 and INFCIRC/254/Rev.10/Part 2).

In 2018, the NSG Technical Working Group, chaired by Sweden, continued its work on technical proposals and on updating the contents of the control lists. The plenary meeting for the year was held in Jurmala under Latvian chairmanship. Discussions were held, among other things, on the technical, legal and political aspects of participation in the NSG by states that are not parties to the Non-Proliferation Treaty.

### **The Australia Group**

The Australia Group was formed in 1985 on the initiative of Australia. Its aim is to harmonise member countries' export controls to prevent the proliferation of chemical and biological weapons. Originally, the Group's work only encompassed chemicals and chemical production equipment. In 1990, however, it was decided to expand the control lists to include microorganisms, toxins and certain manufacturing equipment for biological weapons. At the 2018 plenary in Paris, the Group's members agreed to strengthen work on non-proliferation of biological and chemical weapons through a continued focus on emerging technologies and to

prevent terrorism in which these weapons are used, as well as expanded contacts with countries outside the Australia Group. The plenary also made a special statement on the Australia Group's great concern over resumed use of chemical weapons, with reference to events in Syria, Iraq, the United Kingdom and Malaysia.

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### **The Missile Technology Control Regime**

The Missile Technology Control Regime (MTCR) was set up as a result of an American initiative in 1982. It focuses on export controls of complete rocket systems (including ballistic missiles, space launch vehicles and sounding rockets) and other unmanned aerial vehicles (including cruise missiles, drones and reconnaissance platforms) with a range of 300 kilometres or more. Controls also extend to components of such systems and other items that can be used to produce missiles, and also smaller unmanned aerial vehicles designed to be able to spread aerosols.

Work within the regime continued in 2018 with a review of the contents of the lists of controlled items and exchange of information on sensitive proliferation of missile technology, including intangible technology transfer. In the absence of a chairman for the regime in 2018, no plenary meeting was held during the year.

### **The Wassenaar Arrangement**

The Wassenaar Arrangement was formed in 1996 as a successor to the international export control cooperation that had previously taken place within the framework of the Coordinating Committee for Multilateral Export Controls (Cocom). The Arrangement's work covers the control of conventional weapons, as well as dual-use items and technologies not controlled by other regimes. Consequently, it represents an important complement to the work of other regimes that focus exclusively on weapons of mass destruction and certain delivery systems. The Arrangement has 42 participating states since India was welcomed as a new member at the end of 2017. Among these are most large producers and technology holders in the areas concerned.

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

An important function maintained by the Wassenaar Arrangement is to bring together technical expertise from the participating states to update the common control lists in light of technical developments, in order to guarantee that no "gaps" arise in the control of the same items between different countries.

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 to reflect the technological development of different types of weapons and underlying technologies.

### **Consular vigilance**

An element of the efforts to limit the risks of the proliferation of nuclear weapons and other weapons of mass destruction is to press for vigilance with regard to the spread of sensitive information through intangible technology transfer, what is known as consular vigilance. This activity is based on the fact that Sweden has both legally binding commitments adopted by the UN and the EU, and political commitments, within the scope of the export control regimes, aimed at limiting the spread of sensitive information and technologies. Consular vigilance covers admission to universities and assessment of applications for residence permits for studies relating to such sensitive information and technology. Cooperation between the authorities concerned, which aims, for example, to increase awareness of risks of spread associated with sensitive university study programmes or research partnerships continued in 2018. An extensive survey was conducted among the Member States at EU level to gather information on national rules and experience, which is to form the basis for future discussions and cooperation.

## **3.3 Collaboration within the EU on dual-use items**

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

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

In accordance with the EU's strategy against the proliferation of weapons of mass destruction, the Member States have to work towards the EU being a leading partner in the export control regimes. The EU has long held the view that all EU Member States should be invited to join all of the export control regimes. The main reason is the EU's Single Market, which covers the vast majority of dual-use items, as well as the endeavour to maintain effective national export controls that are harmonised for all EU Member States, based on the regimes' control lists, guidelines for export controls and exchange of information on proliferation risks. Trade within the EU is not counted as exports in this context. EU Member States

are thus dependent on one another's export control systems. This is an additional reason why the issue of membership in the export control regimes is a substantial one. Comm. 2018/19:114

All EU countries are members of the Nuclear Suppliers Group and the Australia Group. This is not the case for the Missile Technology Control Regime (MTCR), where Croatia, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia still remain outside the regime. The same applies to Cyprus with regard to the Wassenaar Arrangement.

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

The changes made to the regimes' control lists over the course of the year are detailed in Annex I of the Dual-Use Regulation and thus become legally binding for EU Member States. In accordance with the powers delegated to it (Regulation [EU] No 599/2014), the Commission has updated Annex I to reflect the changes determined within the export control regimes, and has made consequential changes to Annex IIa-IIg and Annex IV. The changes are set out in the regimes towards the end of a calendar year and are usually entered in Annex I in the subsequent year.

### **The WPDU's work**

Activities in the Working Party on Dual-Use Goods (WPDU) in 2018 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 rules in consideration of technical and political developments and to make the procedure more efficient. The proposal needs to be approved by both the Council and the European Parliament.

The Commission proposes, among other things, that the EU's export control system for DUIs should be expanded to cover not just security policy considerations but also clearer consideration of human rights and terrorism (it is already possible in the currently applicable regulation for Member States to control unlisted items on the basis of considerations relating to public safety or human rights). In this context, the Commission focuses in particular on technology that can be used for IT surveillance. The list of dual-use items (Annex I to the Dual-Use Regulation), which is composed entirely of the regimes' control lists, is to be supplemented, according to the proposal, by a new EU-autonomous list of items of the type mentioned above, which would thus become the object of licensing requirements for exports. It is also proposed that the Commission be given a mandate, in close cooperation with the Member States and other affected parties, to draw up guidelines to support the practical application of the revised Regulation.

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

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

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

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

Work in the WPDU on an updated DUI Regulation could not be completed in 2018, primarily due to doubts over the security policy consequences of a number of proposals. This work is continuing in 2019. In parallel with consideration in the Council, the proposal was discussed in the European Parliament, where agreement was reached on a preliminary position.

### **Work in the Dual-Use Coordination Group (DUCG)**

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

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

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The United Nations Security Council adopted Resolution 1540 in April 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.

The Swedish Defence Research Agency and the Swedish National Defence Radio Establishment assist the ISP by providing specialist 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 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.

In addition, 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 CWC. This aspect of the ISP's activities is not dealt with in the present Communication.

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

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

#### **Contacts with companies**

The ISP maintains regular contact with the companies whose exports are subject to control. The Military Equipment Act and the Military

Equipment Ordinance set forth most of the obligations for companies to present notifications and data to the ISP. For example, companies have to report regularly to the ISP on their marketing activities abroad. These reports form the basis for the ISP's periodic briefings with the companies regarding their export plans. The ISP may issue positive or negative preliminary decisions to the companies concerning 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 provide notification that the measure they were informed of in advance is prohibited. 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 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. When classifying whether a product is to be considered a DUI or not, it is primarily the companies that classify their own items. When a company is unsure whether its item belongs to the controlled items category, the company can submit an enquiry to the ISP. In light of this, the ISP's contacts with DUI companies are different than is the case with regard to military equipment. With the exception of a few companies, the ISP meets DUI companies less regularly.

In its supervisory role, the ISP carries out compliance visits to companies to monitor their internal export control organisations. In 2018 the ISP carried out 23 compliance visits.

## **Funding**

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

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

Parts of the ISP's international operations, support to the Government Offices of Sweden and work related to 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 2018.

### **The Export Control Council (ECC)**

The Riksdag decided in 1984, on the basis of the Government Bill proposing greater transparency and consultation on matters relating to exports of military equipment etc. (Govt Bill 1984/85:82), that an advisory board on military equipment issues should be established. The Government reorganised this board into the Export Control Council (ECC) in connection with the establishment of the ISP in 1996. The rules governing the composition and activities of the ECC are included in the ISP's instructions. All parliamentary parties are represented on the ECC. It is chaired by the Director-General of the ISP. A list of the Council's members in 2018 appears below.

The Director-General of the ISP is responsible for selecting those cases that will be subjected to consultation with the Export Control Council. Consultation can take place, for example, before a preliminary decision is issued to a company. In addition, the Director-General has to consult the Council before the ISP submits an application to the Government for 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 purchasing countries, and the Ministry of Defence provides assessments of the defence policy aspects of the applications. The Director-General may also summon other experts. One task of the Council is to present opinions on proposed exports based on the Swedish guidelines, the EU Common Position on Arms Exports and the Arms Trade Treaty in order to provide further guidance to the ISP.

The members have unrestricted access to the documentation of all export licence application proceedings. The Director-General reports continuously on all export licence decisions, processed tender notifications and cooperation agreements, as well as preliminary decisions that have been ruled upon. With effect from 2005, the ISP has also reported all export licence decisions for 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 political 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. Apart from this, the assessments of individual countries are normally subject to confidentiality in relation to foreign affairs.

The Advisory Council on Foreign Affairs, and not the Export Control Council, is still consulted in cases where this is prescribed by the

Instrument of Government. The Export Control Council met eight times in 2018. The Council discussed 14 matters for consultation, of which 13 related to military equipment and one to dual-use items. Comm. 2018/19:114

The current (as of March 2019) members of the Export Control Council are:

Jan R Andersson, Member of Parliament (Moderate Party)  
Annicka Engblom, Member of Parliament (Moderate Party)  
Kerstin Lundgren, Member of Parliament (Centre Party)  
Mattias Ottosson, Member of Parliament (Social Democrats)  
Désirée Pethrus, Member of Parliament (Christian Democrats)  
Roger Richtoff, Member of Parliament (Sweden Democrats)  
Agneta Börjesson, former Member of Parliament (Green Party)  
Stig Henriksson, former Member of Parliament (Left Party)  
Lars Johansson, former Member of Parliament (Social Democrats)  
Nina Larsson, former Member of Parliament (Liberal Party)  
Anna-Lena Sörensson, former Member of Parliament (Social Democrats)  
Per Westerberg, former Member of Parliament (Moderate Party)

### **The Strategic Cooperation Council**

The Strategic Cooperation Council is a forum 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 2018.

### **Technical-Scientific Council**

In connection with the discussion of matters concerning the classification of military equipment and dual-use items, the Director-General of the ISP is assisted by a Technical-Scientific Council attached to the Agency. This consists of representatives of institutions with expertise in the technology's civilian and military applications. The Technical-Scientific Council held four meetings in 2018.

## **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 above 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, except in certain specific cases, defined in the Ordinance, for which the Government is the decision-making body. The items are specified in Annex I, Category 0 and in Annex IV of the Dual-Use Regulation. SSM is also the national supervisory authority with regard to compliance with these provisions.

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

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

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

### **Control of nuclear exports**

Nuclear materials (uranium, plutonium and thorium) and nuclear technology products are classified as DUIs; consequently, their export is governed by the Dual-Use Regulation. Exports to countries outside the EU require licences, but the EU's general export licences do not apply to these items. In addition, transfers within the EU involving several products, including particularly sensitive nuclear materials and nuclear equipment, also require licences.

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

The conditions imposed in decisions concerning export licences are based on the guidelines agreed in the Nuclear Suppliers Group. The guidelines include obtaining certain specified assurances from the government of the recipient country before an export licence can be granted. These assurances will state that the items are for peaceful use, that the IAEA have full safeguarding rights in the country and that nuclear material has adequate physical protection in the country. In addition, there must be a guarantee that re-exportation will not take place without

corresponding assurances. The SSM is tasked by the Government with obtaining these assurances from the government of the country in receipt of exports of nuclear technology, as well as with drawing up and submitting Swedish assurances to exporting countries when Sweden imports such material. However, in the case of initial transactions, the Ministry for Foreign Affairs obtains the assurances for exports or provides assurances for imports.

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

Within the scope of the Euratom Treaty, the EU has the right to enter into agreements with third countries. Bilateral agreements on the peaceful use of nuclear energy have been entered into between the EU and 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 2018.

All EU Member States have undertaken to report exports of nuclear material and nuclear technologies to the IAEA, under the Additional Protocol to the Safeguards Agreement with the IAEA, in the case of Sweden INFCIRC/193/Add.8. For Sweden, this means that the European Commission, through its safeguards under the Euratom Treaty, reports exports of nuclear material to the IAEA and that the SSM reports exports of nuclear technologies to the IAEA. As opposed to the case with other DUIs, the SSM must be notified of exports of nuclear technologies listed in Annex 1, Category 0 of the Dual-Use Regulation for this reporting to take place.

SSM handled 77 applications received for export licences in 2018. Details of the export licences granted by the SSM in 2018 can be found in Annex 2, Table 12.

The SSM makes contact with the companies affected by its safeguarding activities when necessary. In its supervisory role, the SSM carries out visits to companies to ensure that they are aware of and comply with the requirements made on them in the event of intra-EU transfers or extra-EU exports of DUIs. Three such visits took place in 2018.

## 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 submitted annually by the licence holder to the ISP.

The Swedish Radiation Safety Authority (SSM) monitors the development of nuclear technology in Sweden and provides statistical data for the Government's reporting of exports of dual-use nuclear technologies.

### *Changes in reporting*

The Supervisory Committee for Military Equipment Exports presented certain proposals in its final report (SOU 2015:72) on improved openness and transparency on issues concerning exports of military equipment. The Government's assessment in the Government Bill Stricter Export Controls for Military Equipment (Govt Bill 2017/18:23) is mainly in agreement with the committee's proposals. Both the committee and the Government note that the annual communication presented by the Government to the Riksdag represents an important element in creating openness and transparency in the area of export controls. In view of this situation the Government, in cooperation with the ISP, has reviewed the communication for the year with the aim of providing further information where this is possible.

The changes made this year in the statistical reporting are part of the effort to improve openness and transparency in the area of export controls. The reporting of military equipment has been firstly expanded by certain factual data not previously published and secondly re-structured in chronological order for greater clarity. A more thorough revision has been made with regard to DUIs to clarify the statistics and make them more accessible.

Swedish exports of military equipment in 2018 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 correspond with 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. This does not mean that export licences have been granted or that there have been exports of every one of the items in that category of equipment.

**Table 1      Categories of military equipment**

Category	Item
ML1	Smooth-bore weapons with a calibre of less than 20 mm, other arms and automatic weapons with a calibre of 12.7 mm (calibre 0.50 inches) or less and accessories and specially designed components therefor.
ML2	Smooth-bore weapons with a calibre of 20 mm or more, other weapons or armament with a calibre greater than 12.7 mm (calibre 0.50 inches), projectors and accessories and specially designed components for these weapons.
ML3	Ammunition and fuse setting devices and specially designed components therefor.
ML4	Bombs, torpedoes, rockets, missiles, other devices and charges with explosive effect and associated equipment and accessories and specially designed components therefor.
ML5	Fire control, and related alerting and warning equipment, and related systems, test and alignment and countermeasure equipment, specially designed for military use, and specially designed components and accessories therefor.
ML6	Ground vehicles and components.
ML7	Chemical or biological toxic agents, "riot control agents", radioactive materials, related equipment, components and materials.
ML8	"Energetic materials" and related substances.

Category	Item
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 brokering**

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

Licences are required for brokering of military equipment, inventions concerning military equipment and methods for the production of military equipment in and outside Sweden. The same applies to activities relating to provision of technical assistance to a party abroad. Supply means sale, granting, offering for sale, loan, gift and brokering. The licence requirement applies to Swedish companies, a party resident or permanently domiciled in Sweden and Swedish authorities. Trading in firearms or parts of such weapons is exempt from requirements for brokering licences. Licences for such trading are governed by provisions of the Offensive Weapons Act.

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

## Swedish defence industry

In 2018, manufacturing or brokering licences were held by 233 Swedish companies, authorities and private individuals. This represents a sharp increase (just under 27 per cent) on the previous year. One reason for this is that amendments to the Military Equipment Act mean that some further activities require brokering licences. The increase relates principally to operators who provide military equipment to government agencies and to sub-contractors of system manufacturers of military equipment.

Among the licence holders, 60 exported military equipment or technical assistance, while 83 only supplied military equipment within the country. 90 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 2014.

**Table 2 Total value of invoiced military equipment in and outside Sweden 2014–2018 (SEK million)**

Type of case	2014	2015	2016	2017	2018
Total value	16 562	18 200	20 703	21 304	23 315

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

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

Company	Value	Principal area of equipment
Saab AB, Aeronautics	7 469	Combat aircraft
Saab AB, Surveillance	3 069	Sensor and command and control systems
Saab Kockums AB	2 042	Surface and submarine vessels
Saab Dynamics AB	1 981	Missile and ground combat systems
BAE Systems Hägglunds AB	1 438	Armoured vehicles
FMV, Försvarets materielverk - Swedish Defence Materiel Administration	1 341	Miscellaneous
BAE Systems Bofors AB	842	Artillery systems
FFV Ordnance AB	740	Ground combat systems
GKN Aerospace Sweden AB	701	Aircraft engines
Saab AB, Support and Services	632	Maintenance activities

Company	Value	Principal area of equipment
Saab AB, Industrial Products and Services	467	Components for aircraft
EURENCO Bofors AB	363	Gunpowder and explosives
Nammo Sweden AB	357	Ammunition
Norma Precision AB	260	Hunting and sport shooting ammunition
SSAB EMEA AB	221	Armour plate

### 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 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 constitutes the end-user, and the control assessments are therefore focused on the system manufacturer and the country in which the latter operates. Examples of such products are gunpowder, explosives and armour plates.

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

### Marketing and preliminary decisions

Marketing of military equipment abroad does not require a special licence under military equipment legislation. A party which has a licence to manufacture or broker military equipment is, however, obliged to present a report on the marketing of military equipment or technical assistance 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 focus 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 untested 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 2014–2018.**

Type of case	2014	2015	2016	2017	2018
Preliminary decisions	34	31	47	30	34

A total of 34 preliminary decisions were issued in 2018, some of which related to more than one country. The number of positive preliminary decisions issued was 21 and pertained to 11 countries. The number of negative preliminary decisions issued was 13 and related to 10 countries.

### **Tender notifications**

No later than four weeks before a binding tender for sale of military equipment is submitted or a purchase contract is entered into, the ISP must be informed accordingly. In individual cases the ISP may prohibit tenders being submitted or contracts being entered into. The requirement for tender notification means a further control step in the export process and reduces the risk of the Swedish defence industry entering into contracts which, for example, would contravene 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 tender notifications and general exemptions concerning military equipment 2014–2018**

Type of case	2014	2015	2016	2017	2018
Tender notification	258	262	252	261	294
General exemption	20	24	23	20	29
Total	278	286	275	281	323

A total of 323 tender notifications and general exemptions were reported in 2018. Out of a total of 294 tender notifications, 274 were approved and 20 were rejected. Some tender notifications pertained to two or more countries. In 2018, 54 countries were covered by the approved tender notifications and 10 countries by the rejected tender notifications.

### Export licences

Exports of military equipment and supply of technical assistance to any party outside Sweden require licences from the ISP. Applications for export licences may be preceded by a preliminary decision, and in exporting for sale must be preceded by a tender or agreement notification. There are three types of export licences. Individual licences are issued for a specifically stated recipient in a specific country, while global licences make it possible to export an unlimited quantity of military equipment to more than one recipient in more than one country. General licences are not limited in quantity or value and make it possible to export to all EEA countries. An export licence is generally also required in transit of material equipment through Sweden. There has been an exemption since 2012 from the requirement to obtain a licence when transit takes place in transfer from one EEA country to another.

The communication presents individual and global licences which have been issued regarding sale and leasing 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 for 2018.

**Table 6**      **Number of processed applications for exports pertaining to military equipment 2014–2018**

Type of licence	2014	2015	2016	2017	2018
Individual	981	1041	969	1012	581
Global	-	-	-	-	300
Transit	62	82	90	92	82
Total	1 043	1 123	1 059	1 104	963

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 2014–2018 (SEK million)**

Category of equipment	2014	2015	2016	2017	2018
Military equipment for combat purposes	1 349 (-78)	2 790 (+107)	47 790 (+1 613)	4 122 (-91)	4 405 (+7)
Other military equipment	3 132 (-10)	2 159 (-31)	14 089 (+553)	4 016 (-71)	4 060 (+1)
Total	4 481 (-54)	4 949 (+10)	61 879 (+1 150)	8 138 (-87)	8 465 (+4)

Table 8 shows the individual and global export licences issued in 2018 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.

**Table 8 Granted export licences concerning sale of military equipment by country in 2018**

Country	Number of licences	Categories of military equipment	MEC/OME	Value of the licence
EU				
Belgium	16	1,5,8,13,17,21,22	MEC/OME	126 503 333
Bulgaria	2	13,17	OME	1 000 000
Cyprus	1	13	OME	0
Denmark	19	1,3,5,11,13,17,21,22	MEC/OME	3 820 491
Estonia	6	1,3,13,14,22	MEC/OME	186 525 589
Finland	28	1,2,3,4,5,6,8,13,14,17,18,21,22	MEC/OME	744 112 069
France	34	1,3,5,6,8,11,13,14,17,22	MEC/OME	139 003 582
Greece	1	13	OME	0
Ireland	4	2,4,13,22	MEC/OME	0
Italy	14	3,5,8,13,14,17,21,22	MEC/OME	50 251 878
Croatia	2	13,17	OME	44 000
Latvia	13	1,2,3,13,18,22	MEC/OME	45 973 380
Lithuania	5	4,5,8,13,14,17,18,21,22	MEC/OME	107 415 309
Luxembourg	1	13	OME	0

Country	Number of licences	Categories of military equipment	MEC/OME	Value of the licence
Malta	1	13	OME	0
Netherlands	8	1,2,7,13,17,21,22	MEC/OME	9 132 743
Poland	16	3,4,5,8,13,18,21,22	MEC/OME	48 501 083
Portugal	3	3,13	MEC/OME	80 000
Romania	7	2,3,6,13,17	MEC/OME	38 814 754
Slovakia	3	3,5,13	MEC/OME	3 108 421
Slovenia	5	2,3,6,13,18,22	MEC/OME	21 266 000
Spain	20	1,3,4,6,8,13,17,21,22	MEC/OME	24 303 216
United Kingdom	25	3,4,5,8,13,16,17,18,21,22	MEC/OME	863 722 607
Sweden	4	4,5,9,11,13,18,21,22	MEC/OME	2 921 600
Czech Republic	11	1,2,3,4,5,8,10,13,14,15,17,21,22	MEC/OME	2 249 491
Germany	69	1,3,4,5,6,8,9,13,16,17,18,21,22	MEC/OME	194 048 025
Hungary	5	3,4,5,8,10,13,14,15,17,21,22	MEC/OME	1 825 000
Austria	13	1,3,6,8,10,11,13,17,21,22	MEC/OME	481 151 262
Total	301	1,2,3,4,5,6,7,8,9,10,11, 13,14,15,16,17,18,21,22		3 095 773 833
REST OF EUROPE				
Andorra	1	3	OME	35 000
Iceland	2	13,17	OME	0
Liechtenstein	1	13	OME	0
Norway	43	1,3,5,8,13,17,18,21,22	MEC/OME	338 632 441
Switzerland	17	2,4,5,8,11,13,14,17,18,21,22	MEC/OME	1 232 385 937
Turkey	2	5,11,21,22	OME	120 000
Total	63	1,2,3,4,5,8,11,13,14,17,18,21,22		1 571 173 378
NORTH AMERICA				
Canada	9	2,3,5,13,14,17,21,22	MEC/OME	159 285 446
United States	52	2,3,5,6,8,13,14,17,18,21,22	MEC/OME	1 049 868 717
Total	60	2,3,5,6,8,13,14,17,18,21,22		1 209 154 163
CENTRAL AMERICA				
Mexico	3	2,5,13,21,22	OME	0
Total	3	2,5,13,21,22		0

Country	Number of licences	Categories of military equipment	MEC/OME	Value of the licence
SOUTH AMERICA				
Argentina	1	13	OME	0
Brazil	8	2,4,5,13,17,21,22	MEC/OME	79 315 000
Chile	1	13	OME	0
Ecuador	1	5	OME	1 000 000
Uruguay	2	3,13	OME	100 000
Total	9	2,3,4,5,13,17,21,22		80 415 000
NORTH EAST ASIA				
Japan	21	2,3,4,5,13,14,22	MEC/OME	186 968 709
South Korea	13	4,5,7,8,9,13,21,22	MEC/OME	452 633 235
Total	33	2,3,4,5,7,8,9,13,14,21,22		639 601 944
SOUTH EAST ASIA				
Philippines	4	5,21,22	OME	112 004 908
Indonesia	1	14	OME	618 368
Malaysia	4	2,3,4,13,14,22	MEC/OME	31 125 000
Singapore	8	4,5,6,8,9,13,14,21,22	MEC/OME	80 100
Thailand	4	2,4,5,10,11,14,15,17,21,22	OME	1 158 276
Total	20	2,3,4,5,6,8,9,10, 11,13,14,15,17,21,22		144 986 652
SOUTH ASIA				
India	12	2,3,5,11,13,14,17,18,22	MEC/OME	23 096 377
Pakistan	3	4,5,10,11,15,16,17,21,22	OME	850 000 000
Total	15	2,3,4,5,10,11,13, 14,15,16,17,18,21,22		873 096 377
MIDDLE EAST				
United Arab Emirates	3	2,4,5,10,11,21,22	OME	70 000
Jordan	1	14	OME	2 710 258
Kuwait	2	14	OME	5 105 129
Oman	2	4,6,7,11,21,22	OME	2 820 000
Qatar	2	14,17	OME	6 968 806
Total	8	2,4,5,6,7,10,11,14,17,21,22		17 674 193
NORTH AFRICA				
Algeria	2	4,5,18,21,22	MEC/OME	0

Country	Number of licences	Categories of military equipment	MEC/OME	Value of the licence
Total	2	4,5,18,21,22		0
REST OF AFRICA				
South Africa	8	4,5,10,13,14,21,22	MEC/OME	225 607 020
Zambia	1	3	MEC	19 200
Total	9	3,4,5,10,13,14,21,22		225 626 220
OCEANIA				
Australia	15	2,3,5,10,11,13,14, 15,16,17,18,21,22	MEC/OME	607 624 303
New Zealand	2	3,13	MEC/OME	26 880
Total	16	2,3,5,10,11,13,14, 15,16,17,18,21,22		607 651 183
TOTAL	524	1,2,3,4,5,6,7,8,9,10,11, 13,14,15,16,17,18,21,22		8 465 152 943

### Follow-on deliveries

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

Table 9 shows whether particular granted licences related to transactions not linked to previous exports, or follow-on deliveries. A breakdown is additionally made between such follow-on deliveries which related to spare parts, ammunition or support for previously supplied equipment and other types of follow-on deliveries such as upgrades or further acquisitions of previously supplied equipment. Exports of spare parts, ammunition or support for previously supplied equipment in practice represent the types of follow-on deliveries for which the presumption of granting a licence is strongest.

Historically there has been a strong focus on licences granted for exports to countries outside the traditional circle of cooperation. The ISP has therefore chosen in Table 9 to present in more detail granted licences which relate to countries outside the EU and the OECD.

**Table 9 Detailed description of granted export licences for sale of military equipment to countries outside EU and OECD circles**

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Country	Total number of licences granted	Spare parts/ammunition/supplies	Other follow-on delivery	Number of licences relating to new transactions
Algeria	2	1	1	0
Argentina	1	0	0	1
Brazil	8	3	1	4
Ecuador	1	0	1	0
Philippines	4	0	3	1
United Arab Emirates	3	2	1	0
India	12	1	7	4
Indonesia	1	0	0	1
Jordan	1	0	1	0
Kuwait	2	1	1	0
Malaysia	4	2	0	2
Oman	2	0	1	1
Pakistan	3	2	1	0
Qatar	2	0	2	0
Singapore	8	5	0	3
South Africa	8	6	1	1
Thailand	4	4	0	0
Turkey	2	1	1	0
Uruguay	1	0	0	1
Total	69	28	22	19

### 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. Instead, utilisation of a general licence is conditional on the ISP being informed no later than four weeks prior to the first day on which the licence is used. General licences are not limited in quantity or value. Each category has an appendix describing the military equipment and technical assistance it covers. Table 10 shows the five types of general licences introduced in 2012.

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

TFS number	Scope
2012:7	The transfer of military equipment and the provision of technical assistance to armed forces or a contracting authority in a country within the European Economic Area (EEA)

2012:8	The transfer of military equipment and the provision of technical assistance to a certified recipient in a country within the European Economic Area (EEA)
2012:9	The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) for demonstration, evaluation and exhibition
2012:10	The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) for maintenance or repair
2012:11	The transfer of military equipment and the provision of technical assistance to a country within the European Economic Area (EEA) following maintenance, repair or demonstration

Table 11 shows the number of notifications of use of the different general licences in 2018.

**Table 11 Notification of use of general licences concerning export of military equipment in 2018**

	TFS 2012:7	TFS 2012:8	TFS 2012:9	TFS 2012:10	TFS 2012:11
Number of notifications	3	1	3	1	2

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 2012–2018**

	TFS 2012:7	TFS 2012:8	TFS 2012:9	TFS 2012:10	TFS 2012:11
Number of notifications	16	8	25	13	15

### Actual exports in 2018

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

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

Table 13 shows the value of actual exports of military equipment by country in 2018. The table is broken down into MEC/OME and contains, at an aggregated level, information about which categories of equipment the exports related to.

**Table 13 Value of actual exports of military equipment by country in 2018**Comm.  
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Country	Categories of military equipment	MEC	OME	Total
EU				
Belgium	3,5,8,10,13,17	12 565 505	20 908 395	33 473 900
Bulgaria	3,8,13,17	21 704 446	1 328 080	23 032 526
Denmark	1,2,3,5,6,8,11,14,17,2			
	1,22	3 221 924	136 615 509	139 837 433
Estonia	1,2,3,6,14,17	47 613 571	97 738 817	145 352 388
Finland	1,2,3,4,5,6,8,10,13,14,			
	17,22	32 557 127	104 494 123	137 051 250
France	1,3,5,6,8,10,11,13,14,			
	17,22	51 958 369	240 691 203	292 649 572
Ireland	2,22	0	500 357	500 357
Italy	3,4,5,6,8,10,13,14,17	16 873 759	28 445 176	45 318 935
Croatia	3,13,17	6 216	929 740	935 956
Latvia	1,2,3,4,18	52 938 971	50 872 061	103 811 032
Lithuania	3,8,11,17	19 600	2 316 066	2 335 666
Luxembourg	14	0	25 732	25 732
Netherlands	1,2,5,6,7,8,13,14,17	5 782 777	359 280 994	365 063 771
Poland	3,5,6,8,10,11,13,14,17			
	,18,22	80 040 462	37 917 803	117 958 265
Portugal	3	0	768 126	768 126
Romania	2,3,6,17	0	18 299 890	18 299 890
Slovakia	3,5,13	1 589 171	724 343	2 313 514
Slovenia	2,3,6,13,18	4 053 286	1 596 371	5 649 657
Spain	1,3,8,9,11,13,14,21	4 103 625	33 899 022	38 002 647
United Kingdom	1,3,4,5,6,8,10,			
	13,14,16,17,21,22	153 712 871	202 275 915	355 988 786
Czech Republic	1,2,3,4,6,8,10,13,17	43 102 067	572 318 824	615 420 891
Germany	1,3,4,5,6,8,11,			
	13,14,16,17,21,22	87 798 815	336 827 649	424 626 464
Hungary	3,8,10,17	1 274 863	761 727 721	763 002 584
Austria	1,2,3,4,6,8,10,14,17	11 895 876	231 787 150	243 683 026
Total	1,2,3,4,5,6,7,8,9,10,			
	11,13,14,16,17,18,21,			
	22	632 813 301	3 243 535 667	3 876 348 968
REST OF EUROPE				
Andorra	3	3 560	404 081	407 641
Greenland	1	0	38 020	38 020
Iceland	1,3,8,17	54 010	1 847 435	1 901 445
Norway	1,2,3,4,5,6,8,10,			
	13,14,15,17,18,22	188 233 621	182 062 041	370 295 662
Switzerland	1,3,4,5,6,8,10,11,13,1			
	4,17,21	3 069 733	63 530 368	66 600 101

Country	Categories of military equipment	MEC	OME	Total
Turkey	11,13,22	0	298 903 897	298 903 897
Total	1,2,3,4,5,6,8,10,11, 13,14,15,17,18,21,22	191 360 924	546 785 842	738 146 766
NORTH AMERICA				
Canada	2,3,5,8,13, 14,17,21,22	51 847 573	178 898 686	230 746 259
United States	2,3,4,5,6,8,10,11, 13,14,17,18,21,22	427 739 976	226 023 648	653 763 624
Total	2,3,4,5,6,8,10,11, 13,14,17,18,21,22	479 587 549	404 922 334	884 509 883
CENTRAL AMERICA				
Mexico	2,5,10,13,22	69 643 202	26 349 719	95 992 921
Total	2,5,10,13,22	69 643 202	26 349 719	95 992 921
SOUTH AMERICA				
Argentina	2,3,13,14	12 000 000	3 204 449	15 204 449
Brazil	2,4,5,10,14,17,18,21,2 2	2 825 168 994	129 958 050	2 955 127 044
Chile	3	0	240 930	240 930
Ecuador	5	0	935 456	935 456
Peru	8	1 527 590	0	1 527 590
Uruguay	3	0	130 407	130 407
Total	2,3,4,5,8,10,13,14,17, 18,21,22	2 838 696 584	134 469 292	2 973 165 876
NORTH EAST ASIA				
Japan	2,3,4,5,14,22	41 681 600	38 632 879	80 314 479
South Korea	5,8,9,13,21,22	115 426	193 926 048	194 041 474
Total	2,3,4,5,8,9,13,14,21,2 2	41 797 026	232 558 927	274 355 953
SOUTH EAST ASIA				
Brunei	2	0	192 945	192 945
Philippines	5	14 751 957	4 214 508	18 966 465
Indonesia	14	0	586 190	586 190
Malaysia	2,3,5,21	54 260 651	248 765	54 509 416
Singapore	4,5,6,9,11,13,14,22	3 993 218	91 653 475	95 646 693
Thailand	5,10,22	0	111 440 819	111 440 819
Total	2,3,4,5,6,9,10,11,13,1 4,21,22	73 005 826	208 336 702	281 342 528

Country	Categories of military equipment	MEC	OME	Total
SOUTH ASIA				
India	2,3,5,8,9,10,11,13,14,17,22	629 021 724	160 352 947	789 374 671
Pakistan	4,5,10,11,21,22	0	1 050 396 512	1 050 396 512
Total	2,3,4,5,8,9,10,11,13,14,21,22	629 021 724	1 210 749 459	1 839 771 183
MIDDLE EAST				
Bahrain	5,22	0	788 200	788 200
United Arab Emirates	2,3,4,5,11,15,17,21,22	3 370 883	78 867 850	82 238 733
Jordan	13	0	13 131 375	13 131 375
Kuwait	4,21	0	7 002 402	7 002 402
Oman	5,14	0	3 999 910	3 999 910
Qatar	17	0	1 982 721	1 982 721
Saudi Arabia	4,5,11	3 500 000	81 620 007	85 120 007
Total	2,3,4,5,11,13,14,15,17,21,22	6 870 883	187 392 465	194 263 348
NORTH AFRICA				
Algeria	4,5,22	3 164 625	8 225 958	11 390 583
Total	4,5,22	3 164 625	8 225 958	11 390 583
REST OF AFRICA				
Botswana	3	0	80 957	80 957
South Africa	1,2,3,4,5,8,10,13,17,21,22	6 590 000	121 465 731	128 055 731
Zambia	3	19 200	95 299	114 499
Total	1,2,3,4,5,8,10,13,17,21,22	6 609 200	121 641 987	128 251 187
OCEANIA				
Australia	2,3,4,5,8,10,11,14,15,17,21,22	22 257 502	46 700 269	68 957 771
New Zealand	1,2,3,17	58 480	1 966 953	2 025 433
Total	1,2,3,4,5,8,10,11,14,15,17,21,22	22 315 982	48 667 222	70 983 204
INTERNATIONAL ORGANISATIONS				
UN	22	0	1 868 130	1 868 130
Total	22	0	1 868 130	1 868 130
TOTAL		4 994 886 826	6 375 503 704	11 370 390 530

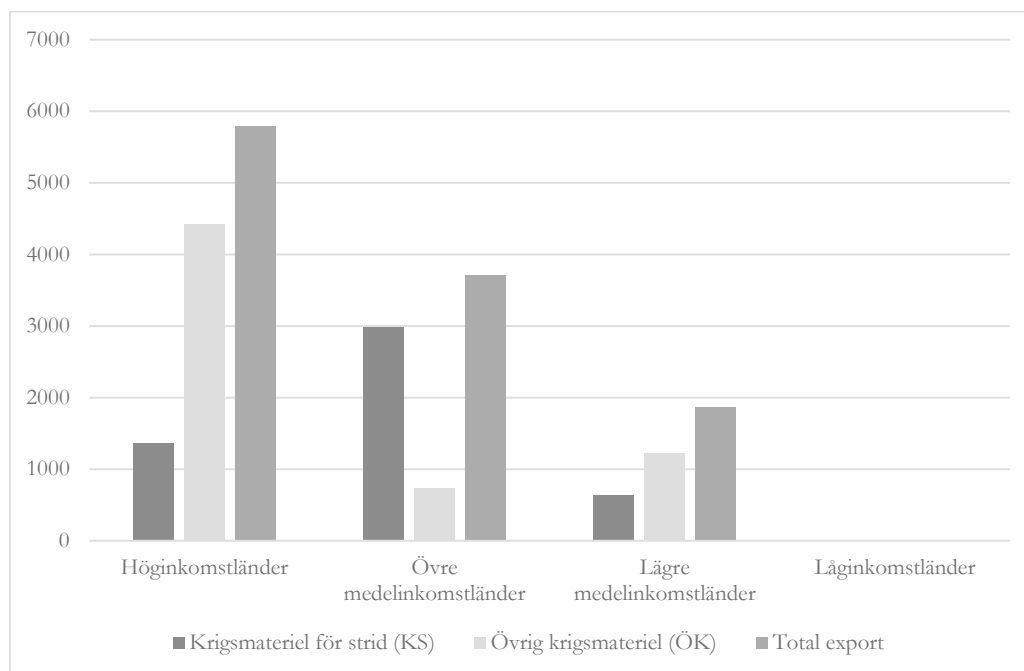
Equivalent exports in 2018 by region are shown in Table 14. The regional breakdown follows the breakdown applied in the EU's annual statistical report to which the ISP contributes statistical data.

**Table 14**      **Share of actual exports of military equipment in 2018 by region**

Region	Per cent
EU	34.1%
South Asia	16.2%
Middle East	1.7%
South East Asia	2.5%
North America	7.8%
Rest of Europa	6.5%
Rest of Africa	1.1%
Oceania	0.6%
North East Asia	2.4%
North Africa	0.1%
Central America and the Caribbean	0.8%
South America	26.1%
International Organisations	0.1%

**Table 15** Actual exports of military equipment broken down by countries grouped according to income

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The country groupings are based on the World Bank's synthesis of countries' economic status. A complete list of the country groupings can be found on the website [www.worldbank.org](http://www.worldbank.org). The countries Sweden exports military equipment to or has granted export licences to in 2018 are grouped as follows: **High-income countries:** Andorra, Argentina, Australia, Austria, Bahrain, Belgium, Brunei, Canada, Chile, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greenland, Hungary, Iceland, Ireland, Italy, Japan, Kuwait, Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Republic of Korea, Saudi Arabia, Singapore, Slovakia, Slovenia, Spain, Switzerland, United Arab Emirates, United Kingdom, United States, Uruguay. **Upper-middle-income countries:** Algeria, Botswana, Brazil, Bulgaria, Ecuador, Hungary, Jordan, Malaysia, Mexico, Montenegro, Peru, Romania, South Africa, Thailand, Turkey. **Lower-middle-income countries:** India, Indonesia, Pakistan, Philippines, Zambia. **Low-income-countries:** -

Table 16 shows actual exports in 2018 by ML category, divided into MEC and OME. It should be noted that ML11, ML13–18 and ML20–22 contain only OME.

**Table 16** The value of actual exports of military equipment in 2018 by category of equipment

Category of equipment	MEC	OME
ML1	5 966 815	11 415 377
ML2	485 756 486	114 540 008
ML3	992 220 961	458 816 469
ML4	182 948 986	275 018 242

Category of equipment	MEC	OME
ML5	177 073 955	656 231 154
ML6	24 269 914	953 432 623
ML7	0	62 481
ML8	298 436 970	332 921
ML9	0	89 627 456
ML10	2 828 212 739	2 416 548 641
ML11	-	435 930 595
ML12	0	0
ML13	-	203 122 406
ML14	-	119 270 323
ML15	-	11 263 139
ML16	-	4 393 593
ML17	-	90 169 367
ML18	-	7 634 295
ML19	0	0
ML20	-	0
ML21	-	93 006 301
ML22	-	434 688 313

Table 17 shows actual exports of small arms, light weapons and man-portable air defence systems (MANPADS). The data is included in the report presented by Sweden annually to the UN.

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

Small arms	
1. Revolvers and self-loading pistols	No exports
2. Rifles and carbines	No exports
3. Sub-machine guns	No exports
4. Assault rifles	No exports
5. Light machine guns	No exports
6. Other	Small-calibre ammunition was exported to Austria, the Czech Republic, Denmark, Finland, France, Germany, Italy, Norway, Slovakia and the United States.
Light weapons	
1. Heavy machine guns (12.7 mm)	No exports
2. Hand-held underbarrel and mounted grenade launchers (40 mm)	Grenades were exported to Denmark and Latvia.
3. Portable anti-tank guns	No exports
4. Recoilless rifles (rocket-	Rocket-propelled grenades were exported to Argentina,

propelled grenades)	Australia, Japan, Slovenia and South Africa. Spare parts, training equipment, components and ammunition for rocket-propelled grenades were exported to Argentina, Australia, Austria, Canada, the Czech Republic, Denmark, Estonia, India, Ireland, Japan, Latvia, New Zealand, Norway, Slovenia, South Africa and the USA.
5. Portable anti-tank missile launchers and rocket systems	Anti-tank missile launchers were exported to Finland, Latvia, Poland and the USA. Spare parts, training weapons and components for anti-tank systems were exported to Austria, Denmark, Norway, Switzerland and the USA.
6. Mortars of calibres less than 75 mm	No exports
7. Other	No exports

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

Missiles, spare parts, training equipment etc. for MANPADS for a value totalling SEK 106 000 000 were exported to Australia, Brazil, the Czech Republic, Latvia and Singapore.

### Actual exports over time

It is preferable for the export statistics to be shown over time to make it easier to identify trends and tendencies in the area of military equipment. Individual sales and deliveries of major military equipment systems may cause wide fluctuations in the statistics.

Table 18 shows the value and percentage change compared with the previous year regarding actual exports in the past five years broken down into MEC/OME.

**Table 18 The value of actual exports of military equipment in current prices and annual percentage change 2014–2018 (SEK million)**

Category of equipment	2014	2015	2016	2017	2018
Military equipment for combat purposes	3 258 (-41)	3 560 (+9)	4 410 (+24)	6 697 (+52)	4 995 (-25)
Other military equipment	4 700 (-26)	4 043 (-14)	6 579 (+63)	4 554 (-30)	6 375 (+40)
Total	7 958 (-33)	7 603 (-4)	10 989 (+45)	11 251 (+2)	11 370 (+1)

Figure 1 shows the growth in value over a prolonged period (1972–2018).

**Figure 1** Growth in value for actual exports of military equipment in current prices 1972–2018 (SEK million)

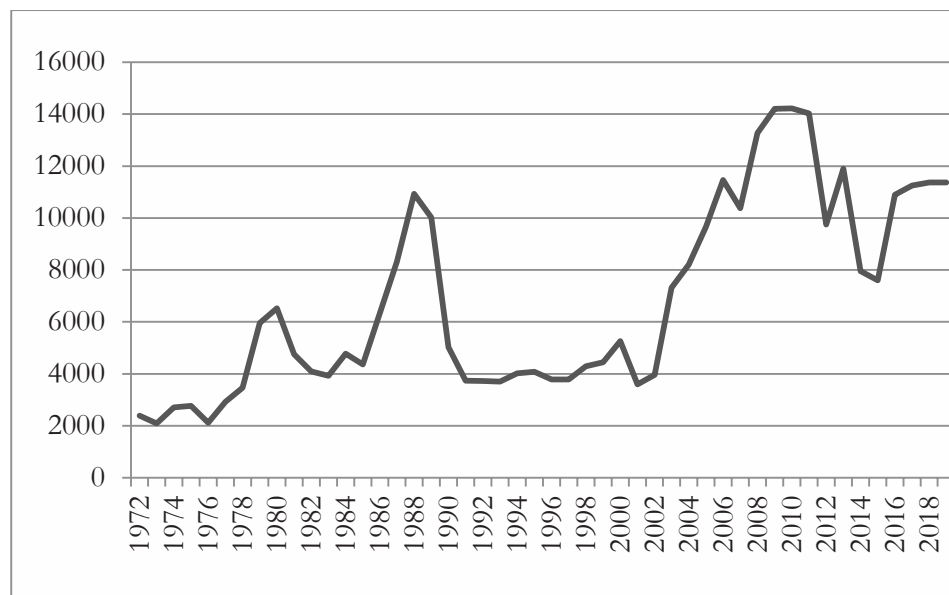


Table 19 shows the share of exports of military equipment in total Swedish exports of goods over the past five years. It should be mentioned that Swedish exports of military equipment are also reported in the general statistics on foreign trade, which are based on the data submitted to Statistics Sweden by Swedish Customs. Statistics Sweden uses different product categories than the ISP in its reporting and the figures are thus not directly comparable with the ISP's statistics.

**Table 19** Share of exports of military equipment in total Swedish exports of goods in current prices 2014–2018

Type of export	2014	2015	2016	2017	2018
Military equipment exports	7 958	7 603	10 989	11 251	11 370
Total exports of goods	1 127 000	1 180 600	1 192 700	1 306 900	1 441 200
Percentage	0.71%	0.64%	0.92%	0.86%	0.79%

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

**Table 20** The value of actual exports of military equipment by country 2016–2018 (SEK million)

Country	2016	2017	2018
EU			
Belgium	11	11	33

Country	2016	2017	2018	Comm. 2018/19:114 Appendix 1
Bulgaria	19	50	23	
Denmark	172	214	140	
Estonia	109	72	145	
Finland	216	240	137	
France	352	293	293	
Greece	0.6			
Ireland	0	27	0.5	
Italy	79	91	45	
Croatia	0.7	2.1	0.9	
Latvia	44	33	104	
Lithuania	44	19	2.3	
Luxembourg	28	119	0.025	
Netherlands	274	499	365	
Poland	89	140	118	
Portugal	1.5	1,2	0.8	
Romania	1.5	0.7	18	
Slovakia	11	2.8	2.3	
Slovenia	0.4	0.2	5.6	
Spain	201	50	38	
United Kingdom	240	285	356	
Czech Republic	21	28	615	
Germany	619	615	425	
Hungary	7	4.1	763	
Austria	98	133	244	
Total	2 455	2 931	3 876	
REST OF EUROPE				
Andorra	0.4	0.3	0.4	
Greenland	0	0.1	0.04	
Iceland	0.7	1.7	1.9	
Norway	2 727	621	370	
Switzerland	55	170	67	
Turkey	89	71	299	
Total	2 872	864	738	
NORTH AMERICA				
Canada	97	322	231	
United States	719	813	654	
Total	816	1 134	885	
CENTRAL AMERICA				
Mexico	82	68	96	
Total	82	68	96	
SOUTH AMERICA				
Argentina	0	7.8	15	

Country	2016	2017	2018
Brazil	2 821	3 467	2 955
Chile	8.3	0.2	0.2
Ecuador	0	0.4	0.9
Peru	0	0	1.5
Uruguay	0	0.1	0.1
Total	2 829	3 476	2 973

#### NORTH EAST ASIA

Japan	31	26	80
South Korea	328	152	194
Total	359	178	274

#### CENTRAL ASIA

Kazakhstan	0.3	0	0
Total	0.3	0	0

#### SOUTH EAST ASIA

Brunei	0	52	0.2
Philippines	0	0	19
Indonesia	0	0.3	0.6
Malaysia	14	17	55
Singapore	96	215	96
Thailand	424	52	11
Total	534	336	281

#### SOUTH ASIA

India	346	1 366	789 375
Pakistan	177	110	1 050 397
Total	523	1 497	1 840

#### MIDDLE EAST

Bahrain	0	0.1	0.8
United Arab Emirates	108	149	82
Jordan	8.0	9,1	13
Kuwait	0	0	7.0
Oman	1.8	0	4.0
Qatar	46	6.3	2.0
Saudi Arabia	1.9	6.6	85
Total	166	171	194

#### NORTH AFRICA

Algeria	38	9.2	11
Tunisia	0	0.4	0
Total	38	9.6	11

Country	2016	2017	2018
<b>REST OF AFRICA</b>			
Botswana	0.1	38	0.08
Mauritius	0	0.4	0
Namibia	0.3	0.1	0
South Africa	255	277	128
Zambia	0.2	0.1	0.1
Total	255	315	128
<b>OCEANIA</b>			
Australia	50	258	69
New Zealand	3.7	12	2
Total	54	271	71
<b>INTERNATIONAL ORGANISATIONS</b>			
UN	7.9	0.8	1.9
Total	7.9	0.8	1.9
<b>TOTAL</b>	<b>10 990</b>	<b>11 251</b>	<b>11 370</b>

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### 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 Section 7 of the Military Equipment Act. In accordance with Section 8 of the same Act, a licence is required to enter into cooperation agreements with parties outside the country to jointly with said parties, or on their behalf, provide technical assistance to parties abroad, develop military equipment or methods for the manufacture of such material or to jointly manufacture military equipment. In addition, under Section 9 of the Military Equipment Act, a licence from the ISP is required to enter into agreements on addition to or amendment of agreements of such a nature as require licences under Section 7 or 8 of the same Act.

In 2018, the ISP approved 6 licences for Swedish companies to enter into agreements involving the granting or transfer of manufacturing rights to parties outside Sweden. In addition, 17 licences were granted for Swedish authorities and Swedish companies to enter into cooperation agreements with some party outside the country.

The ISP granted 14 licences in 2018 to Swedish authorities and Swedish companies to enter into agreements on addition to or amendment of agreements.

A total of 23 companies and two authorities reported 210 current agreements on manufacturing rights and cooperation in a total of 36 countries.

## Foreign ownership

A party holding a manufacturing or brokering licence for military equipment is, under Section 17 of the Military Equipment Act, obliged to provide information to the ISP on ownership in foreign legal entities undertaking development, manufacturing, marketing or sale of military equipment.

In 2018 19 companies reported ownership in 104 foreign legal entities in a total of 42 countries.

## Military training

The Swedish Military Equipment Act (1992:1300) stipulates that military training of foreign nationals may not be conducted in or outside Sweden without permission from the ISP. This prohibition does not apply to training provided by government agencies or training associated with sales of military equipment for which export licences have been granted.

One permit for military training was issued in 2018.

## Re-export of military equipment

Military equipment which has been exported from Sweden is, as a rule, associated with the end-use obligations with which the purchaser is associated, 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. In connection with this, the ISP obtains an end-user certificate from the new user. Table 21 shows the licences issued in 2018 for further transfer of equipment originally supplied from Sweden. Note that further transfer back to Sweden also requires a licence.

**Table 21**      **Approved further transfer of military equipment in 2018**

From	To	Number of cases	Item
Belgium	Belgium	2	Sight systems
Estonia	Estonia	1	Tracked vehicles
France	United States	1	Armour plate
Norway	Norway	1	Naval guns
Norway	Sweden	1	Combat vehicles
Switzerland	Norway	1	Ammunition components
Singapore	United States	1	Armour plate
United Kingdom	Denmark	1	Explosives
Germany	Netherlands	1	Explosives

From	To	Number of cases	Item
Total		10	

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### Individual brokering

Swedish authorities, Swedish companies and anyone resident or permanently domiciled in Sweden intending to broker military equipment which is located abroad to another party abroad, must in individual cases hold a licence from the ISP, known as an individual brokering licence. The same requirements also apply in brokering abroad an invention concerning military equipment or a method for the production of such equipment. Licences are required irrespective of whether the military equipment belongs to the applicant or to another party. Table 22 shows the licences issued in 2018 for brokering military equipment between two parties abroad.

**Table 22 Individual brokering licences granted in 2018**

From	To	Number of licences	Category of equipment	Item
Finland	UN in Somalia	1	ML6	Vehicle components
France	Sweden	1	ML11	Altimeters
Italy	Spain	1	ML13	Armour plate
Italy	Hungary	1	ML11	Cryptographic items
Canada	Denmark	4	ML1, ML3	Weapon parts, Ammunition
Lebanon	Lebanon	1	ML6	Armoured wheel loaders
United Kingdom	France	1	ML5	Ground sensors
United Kingdom	Sweden/ Switzerland	1	ML4	Parts for anti-tank weapons
Czech Republic/ Hungary	Czech Republic/ Hungary	1	ML10	Parts for combat aircraft
United States	Finland	1	ML2	Firearms
United States	Norway	1	ML1	Parts for firearms
United States	Switzerland	1	ML5	Sight equipment
<b>Total</b>		<b>15</b>		

## Reporting of exports of civil firearms in 2018

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

**Table 23 Number of applications received concerning exports of civil firearms 2016–2018**

Type of case	2016	2017	2018
Applications for export licences	271	308	248

Table 24 shows the number of licences granted per country under the same Regulation. A large proportion of the licences issued under the Regulation relate to own use, gifts and loans, and no value is presented in this table.

**Table 24 Number of licences granted concerning exports of civil firearms 2016–2018 by country**

Destination	2016	2017	2018
EUROPE			
Andorra	2	1	2
Greenland	0	2	1
Iceland	6	8	5
Montenegro	0	1	0
Norway	143	178	132
Switzerland	14	24	16
Total	165	214	156
NORTH AMERICA			
Canada	5	6	8
United States	61	47	40

Destination	2016	2017	2018
Total	66	53	48
SOUTH AMERICA			
Argentina	0	2	1
Chile	0	1	1
Uruguay	0	1	1
Total	0	4	3
NORTH EAST ASIA			
Japan	1	3	5
Total	1	3	5
CENTRAL ASIA			
Kazakhstan	1	0	0
Total	1	0	0
MIDDLE EAST			
United Arab Emirates	0	1	0
Total	0	1	0
REST OF AFRICA			
Botswana	2	1	1
Namibia	2	1	2
South Africa	12	11	11
Zambia	3	0	1
Total	19	13	15
OCEANIA			
Australia	5	4	5
New Caledonia	2	0	1
New Zealand	10	10	10
Total	17	14	16
TOTAL	269	302	243

## Export of Dual-Use Items

### Statistics concerning number of applications for transfer licences within the EU

According to Statistics Sweden, Swedish exports of goods to EU Member States accounted for 59.9% of total Swedish goods exports in 2018. There is no statistical basis on which to assume that exports of dual-use items to EU Member States differ in percentage terms from total exports of goods to EU Member States.

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 4 of Council Regulation 428/2009. The majority of the applications for transfer licences within the EU are administered by the Swedish Radiation Safety Authority (SSM) and relate to nuclear materials.

**Table 1**      **Number of applications to the ISP for transfer licences to another EU Member State in 2018**

Applications	Granted	Denials
1	0	0

### Statistics concerning use of general licence for exports to Norway, Switzerland, Liechtenstein, Canada, the United States, Japan, Australia and New Zealand.

According to Statistics Sweden, Swedish exports of goods to Norway, Switzerland, Liechtenstein, Canada, the United States of America, Japan, Australia and New Zealand totalled 21.9% of total Swedish goods exports in 2018. There is no statistical basis on which to assume that exports of dual-use items to the countries mentioned differ in percentage terms from total exports of goods to these countries.

There is a general licence, very extensive in terms of the number of products, for trading in dual-use items to the countries mentioned (EU001). A Swedish exporter wishing to export dual-use items under the general licence is required only to make a one-off notification at the time when the licence is first used. An individual or global licence for any of the countries mentioned is required only to very limited extent.

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

Licences	Notifications in 2018	Notifications since introduction in 2009
EU001	6	170

### Statistics concerning use of general licences for exports to certain countries

According to Statistics Sweden, Swedish exports of goods to other countries in the world, i.e. exports not going to EU Member States, Norway, Switzerland, Liechtenstein, Canada, the United States, Japan, Australia and New Zealand, totalled 18.2% of total Swedish goods exports in 2018. There is no statistical basis on which to assume that exports of dual-use items to other countries in the world differ in percentage terms from total exports of goods to these countries.

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

In the event that any of the five general licences EU002–EU006 are not applicable, either a global or an individual export licence is required for trade with dual-use items to countries in the rest of the world. EU002–EU006 were introduced in accordance with Regulation No 1232/2011 of the European Parliament and of the Council of 16 November 2011. Figures for the total number of notifications of use of general licences EU002–EU006 therefore start from 2012.

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

Licences	Notifications in 2018	Notifications since introduction in 2012
EU002	0	4
EU003	2	11
EU004	0	8
EU005	0	1
EU006	1	1

### Statistics concerning applications for export licences for dual-use items

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

Table 4 shows the number of decisions on applications for export licences concerning dual-use items listed in Annex I to Council Regulation 428/2009. The table classifies the item concerned according to the control regime under which it is controlled. The control regimes are the Wassenaar Arrangement (WA), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG) and the Australia Group (AG).

**Table 4a** The number of granted and rejected applications for export licences in 2018 concerning dual-use items, broken down by control regime

Control regime	Granted	Denials
Wassenaar Arrangement (WA)	612	83
Missile Technology Control Regime (MTCR)	8	1
Nuclear Suppliers Group (NSG)	67	3
Australia Group (AG)	313	10
<b>Total</b>	<b>1000</b>	<b>97</b>

Table 4b 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 of 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 4b** Number of granted and rejected applications for export licences in 2018 concerning dual-use items covered by licence requirements under Article 4 (catch-all) of Council Regulation 428/2009

Granted	Denials	Total
7	5	12

Table 5 covers the number of granted and rejected applications for export licences under Council Regulation 267/2012 concerning restrictive measures against Iran. In comparison with Council Regulation 428/2009, more products are covered by licence requirements under Council Regulation 267/2012 concerning restrictive measures against Iran. For this reason, the applications are presented separately in Table 5. These applications for export licences are thus not included in the statistical material for other tables.

**Table 5** Number of granted and rejected applications for export licences in 2018 under Council Regulation 267/2012 concerning restrictive measures against Iran.

Granted	Denials	Total
238	0	238

Table 6 covers the number of granted applications for export licences broken down into product categories 1–9 in Annex 1 of Council Regulation 428/2009. Annex I also covers category 0, which concerns nuclear materials, facilities and equipment. Applications for export licences in accordance with category 0 are reported separately by the Swedish Radiation Safety Authority (SSM) to the Government.

**Table 6** Number of granted applications for export licences in 2018 concerning dual-use items broken down into categories 1–9 in Annex I of Council Regulation 428/2009 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>	104	4	108
Category 2 <i>Materials processing</i>	320	25	345
Category 3 <i>Electronics</i>	87	8	95
Category 4 <i>Computers</i>	0	0	0
Category 5 <i>Telecommunications and information security</i>	169	48	217
Category 6	228	6	234

Categories 1–9 in Annex I	Individual export licences	Global export licences	Total
<i>Sensors and lasers</i>			
Category 7 <i>Navigation and avionics</i>	4	0	4
Category 8 <i>Marine</i>	0	0	0
Category 9 <i>Aerospace and propulsion</i>	3	5	8

### Statistics concerning export licences and denied licences broken down by end-user country

The applications for export licences that constitute the statistical material for Tables 7 and 8 comprise only applications to countries that are not Member States of the EU and that are not covered by the general licences EU001–EU006. Tables 7 and 8 cover both global and individual export licences.

**Table 7** Countries covered by the greatest number of granted export licences concerning dual-use items in 2018

Country	Granted export licences
China	301
Russia	96
India	55
South Korea	45
Taiwan	43
Israel	42
Brazil	34
Singapore	33
Mexico	29
Hong Kong	25
Malaysia	25
Thailand	23
Turkey	23
Pakistan	21
Saudi Arabia	20
Serbia	20
South Africa	20
Ukraine	19
Indonesia	18
United Arab Emirates	14

**Table 8** Countries with the greatest number of denied export licences concerning dual-use items in 2018

Country	Number of licences denied
China	49
Russia	13
Pakistan	7
India	5
Saudi Arabia	4
Algeria	4
Egypt	4

Country	Number of licences denied
Taiwan	3
United Arab Emirates	3
Kazakhstan	2
Azerbaijan	1
Iraq	1
Israel	1
Lebanon	1
Myanmar (Burma)	1
Serbia	1
Qatar	1

### Statistics concerning individual and global export licences for dual-use items with a military end-user

Table 9a covers granted applications for export licences for dual-use items with military end-users. The number of granted applications for export licences is broken down into global and individual export licences. Area of end-use and country of end-user are also shown.

**Table 9a** Number of granted applications for export licences concerning dual-use items for military end-users in 2018

Country	Global export licences	Individual export licences	End-use areas
Afghanistan*	0	1	Return after repair
Bangladesh	0	2	Telecommunications
Philippines	1	0	For demonstration
United Arab Emirates	0	1	Area protection
India	0	1	Return after repair
Indonesia	1	1	Marine traffic surveillance/communication, For demonstration
Jordan**	0	4	Area protection, Loan in case of repair, Return after repair
Kuwait	1	1	Telecommunications
Malaysia	1	1	Chemical protection, For demonstration
Morocco	0	1	Area protection
Mexico	0	1	Chemical protection
Oman	0	3	Refrigeration systems, Telecommunications
Paraguay	0	1	For demonstration
Qatar	0	4	Loan in case of repair, Chemical protection, Marine traffic surveillance/communication, Telecommunications
Saudi Arabia	0	1	Telecommunications
Singapore	1	3	Chemical protection, Marine traffic surveillance/communication, For training

Country	Global export licences	Individual export licences	End-use areas
			For demonstration
South Korea	1	1	For installation in electronic systems, For demonstration
Thailand	1	1	Refrigeration systems, For demonstration
<b>Total</b>	<b>7</b>	<b>28</b>	

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

\*\*One of the applications relates to an export to an end-user belonging to a nation which is a member state of NATO

Table 9b covers granted applications for export licences for dual-use items with military end-users. The number of licences denied is broken down into global and individual export licences. Area of end-use and country of end-user are also shown.

**Table 9b Number of rejected applications for export licences concerning dual-use items for military end-users in 2018**

Country	Applications for global export licences	Applications for individual export licences	End-use areas
Algeria	0	2	Software
United Arab Emirates	0	2	For demonstration, Marine traffic surveillance/communication
Iraq	0	1	Software
Myanmar (Burma)	0	1	Software
Qatar	0	1	Marine traffic surveillance/communication
<b>Total</b>	<b>0</b>	<b>7</b>	

### Statistics concerning positive and negative preliminary decisions concerning exports of dual-use items

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

Table 10 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 could probably be expected in an assessment of an application for an export licence. A negative preliminary decision means that the ISP has issued a negative non-binding preliminary decision that a licence could probably not be expected in an assessment of an application for an export licence. A final position is always adopted at the time when an application for an export licence is assessed.

**Table 10** Number of preliminary decisions issued in 2018 concerning exports of items controlled in Annex I to Council Regulation 428/2009 per end-user country.

Country	Positive preliminary decisions	Negative preliminary decisions	Total
Bangladesh	0	1	1
India	4	2	6
Indonesia	1	0	1
Iran	4	0	4
China	8	15	23
Kuwait	1	0	1
Lebanon	1	0	1
Libya	1	0	1
Malawi	1	0	1
Morocco	1	0	1
Mexico	1	0	1
Pakistan	0	1	1
Qatar	2	1	3
Russia	5	4	9
Saudi Arabia	2	0	2
Serbia	1	0	1
Syria	0	1	1
Taiwan	0	1	1
Thailand	0	2	2
Turkey	0	1	1
Ukraine	1	0	1
Vietnam	0	1	1
<b>Total</b>	<b>34</b>	<b>30</b>	<b>64</b>

Table 11 shows resolved enquiries regarding whether export licences are required for non-controlled items – catch-all. The enquiries are broken down into the following decision categories: decision on licence requirement for exports and positive preliminary decision, decision on licence requirements for exports and negative preliminary decision and decision that an export licence is not required.

The decision category of decision on licence requirement for exports and positive preliminary decision means that the ISP has made a decision that items included in the request are covered by a licence requirement under Article 4 of Council Regulation 428/2009, and that the Authority has issued a non-binding preliminary decision that a licence can probably be expected in an assessment of an application for an export licence.

The decision category of decision on licence requirement for exports and negative preliminary decision means that the ISP has made a decision that items included in the enquiry are covered by a licence requirement under Article 4 of Council Regulation 428/2009, and that the Authority has issued a non-binding preliminary decision that a licence can probably not be expected in an assessment of an application for an export licence.

The decision category of decision that an export licence is not required means that the ISP has made a decision that the items included in the enquiry are not covered by licence requirements under Article 4 of Council Regulation 428/2009.

**Table 11** Number of resolved enquiries in 2018 concerning non-controlled items – catch-all.

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Country	Decisions on licence requirements for exports and positive preliminary decision	Decisions on licence requirements for exports and negative preliminary decision	Decisions that an export licence is not required	Total
Egypt	0	2	0	2
France	0	0	1	1
United Arab Emirates	0	0	2	2
India	0	1	0	1
Iran	0	2	10	12
Israel	0	0	1	1
China	10	2	12	24
Pakistan	1	2	0	3
Russia	2	2	12	16
Singapore	0	0	1	1
United Kingdom	0	0	1	1
Sweden	0	0	3	3
South Korea	0	0	1	1
Syria	0	0	1	1
Taiwan	0	0	2	2
Thailand	0	0	2	2
Germany	0	0	1	1
Belarus	1	0	0	1
<b>Total</b>	<b>14</b>	<b>11</b>	<b>50</b>	<b>75</b>

**Table 12** Export licences granted for dual-use items (DUIs), belonging to Category 0 in Annex 1 of Council Regulation (EC) No 428/2009, 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 of Council Regulation (EC) No 428/2009. General licences may not be used for these products. 73 licences were granted for exports or for transfers within the EU in 2018.

Recipient country	Number global licences	Number individual licences	Item categories
Japan	1	1	0C001, 0E001
Spain	5*	11	0A001d, 0A001f, 0A001h, 0D001, 0E001
United States	16*	14	0A001d, 0A001f, 0A001h, 0C001, 0C002, 0D001, 0E001
United Kingdom	3*	5	0A001d, 0A001f, 0A001h, 0D001, 0E001
China	0	1	0A001f
Switzerland	2*	1	0A001f, 0D001, 0E001
Germany	7*	0	0D001, 0E001

Recipient country	Number global licences	Number individual licences	Item categories
France	9*	1	0A001f, 0D001, 0E001
Norway	1	1	0A001j, 0D001, 0E001
Belgium	3*	0	0D001, 0E001
Finland	4*	0	0D001, 0E001
Lithuania	1*	0	0E001
Luxembourg	2*	0	0D001, 0E001
Slovenia	1*	0	0E001
Netherlands	3*	0	0D001, 0E001
Canada	1	0	0D001
Brazil	1	0	0D001, 0E001
Argentina	1	0	0D001, 0E001
Ukraine	0	3	0A001d, 0A001f, 0A001h, 0C001, 0C002
Denmark	1*	0	0E001
Bulgaria	1	0	0E001
Czech Republic	1*	0	0D001, 0E001
Austria	1*	0	0D001, 0E001
Russia	1	0	0E001

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

**Table 13 Membership of multilateral export control regimes in 2018**

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
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

Country	ZC	NSG	AG	MTCR	WA
Croatia	x	x	x	-	x
Latvia	-	x	x	-	x
Lithuania	-	x	x	-	x
Luxembourg	x	x	x	x	x
Malta	-	x	x	-	x
Mexico	-	x	x	-	x
Netherlands	x	x	x	x	x
Norway	x	x	x	x	x
New Zealand	x	x	x	x	x
Poland	x	x	x	x	x
Portugal	x	x	x	x	x
Romania	x	x	x	-	x
Russia	x	x	-	x	x
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>41</b>	<b>35</b>	<b>42</b>

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

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

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

To simplify, in the ISP's view, there are two main reasons for a country that 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 its allies or the fact that it violates the principles and objectives of the exporting country's foreign policy.

The first reason is also to do with the defence capability and security of the country itself, its allies and other related countries being jeopardised as a result of an export of military equipment or dual-use items. In Sweden this has always been the main reason why there are export controls for dual-use items. This reason has also acquired an increasingly important role when the risk of diversion is considered in the assessment of applications for military equipment export licences. From Sweden's point of view, the reason for the ever greater significance is likely to be the combination of a highly advanced industry with its spearheading technology and products attractive to the military, and the general build-up of military forces taking place around the world. There is a risk in the proliferation of these technologies or items to undesirable recipients of them being used for the purpose of increasing the capability, including weapons of mass destruction, of a country's military forces to whose build-up aims Swedish does not want to contribute. There is also a risk that technical data concerning military equipment may give a potentially hostile country information, enabling it to build effective systems of countermeasures against the system in question.

The general build-up of military forces around the world and the return of the "great strategic game" between the major powers mean that there is a significant trend towards a rise of export controls on international level. The major powers want to prevent other major powers or other countries from gaining the same technological advantages and level of build-up they have themselves. In view of Sweden's high-tech industry, Sweden is also affected by this to a very great extent. In addition, with the aim of securing its own access to high-tech products from abroad, Sweden has a security policy requirement to maintain the same level of control as more important partner countries. There are historical examples from the 1970s and 1980s of inadequate Swedish export control of dual-use items having led to certain countries having sanctioned or threatened to sanction access by the Swedish defence industry to vital parts or components, for example.

Another reason why a country does not want its military equipment or dual-use items to proliferate to undesirable recipients is that there is a risk of exports of military equipment or dual-use items violating the principles and objectives of the country's foreign policy. An

example of this is a country not wanting military equipment or dual-use items it has exported to be used to violate human rights or international humanitarian law. The Swedish guidelines on exports and other international cooperation on military equipment were amended during the year so that more aspects relating to the objectives and principles of Swedish foreign policy will be taken into account in consideration of licence applications.

## **Military equipment**

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

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

The guidelines were amended with regard to the democratic status of the recipient country, respect for human rights in the recipient country, 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 2018*

In the day-to-day work of the ISP, the period after 15 April has been notable for the authority's remit to interpret the amended guidelines. Defence and security policy reasons in favour of exports, including follow-on deliveries and international collaboration, are set in individual cases against such foreign policy reasons against exports, such as democratic status and respect for human rights in the country in question, that may exist in an individual case. As previously an overall assessment is ultimately made of the circumstances existing in the individual case.

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

#### *Cooperation with other authorities*

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

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

#### *The ISP's need for more extensive security policy analyses*

During the year, the ISP continued work on organising its working method according to the recommendations presented by the National Audit Office in 2017 in its audit report, Export control of military equipment (RIR 2017:2). The work has been largely focused on how the ISP can obtain more extensive security-policy analyses of the trend in recipient countries and otherwise gain access to the information needed to make assessments of all aspects to be considered in consideration of licence applications.

The Government Offices of Sweden (Ministry for Foreign Affairs) decided on 19 October 2017 that an inquiry chair (Ambassador Paul Beijer) should study whether the Swedish guidelines for export and other international cooperation concerning military equipment, the provisions of the EU's Common Position on rules for control of exports of military equipment and the provisions of the UN Arms Trade Treaty could be combined. The purpose according to the Terms of Reference (UD2017/17143/NIS) was greater clarity on the ISP's guidance. The inquiry chair concluded in his memorandum, which was presented in April 2018 (Ds 2018:16), that this was not feasible. However, he presented a work process for continued parallel application of the three groups of criteria that guarantee an effective method of assessment in individual cases.

*Post shipment controls of military equipment abroad*

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

A significant international trend in export controls is for the number of countries conducting post shipment controls to increase. Until 2012 the United States was in principle alone in conducting such post shipment controls. Switzerland began a programme of regular post shipment controls in 2012, followed by Germany in 2015. Spain is currently investigating whether such a programme should be introduced.

*Review of the EU's Common Position*

The third review of the Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment was initiated during the year. The review work will continue in 2019. The Common Position came into effect in 2009. The previous reviews, which took place in 2012 and 2015, did not lead to any changes with regard to the criteria in the position, but new wording was added to the user guide that offers support in interpreting the criteria for the position.

*The Arms Trade Treaty*

The fourth Conference of States Parties to the Arms Trade Treaty was held during the year. Sweden acceded to the ATT in 2014. In 2018 Sweden acted as facilitator in the

working group focusing on effective implementation of the Treaty's assessment criteria. As part of this work, the ISP carried out a presentation of the Swedish export control system in 2018. Mozambique announced during the year that it had ratified the ATT and therefore became the 100th state party to the Treaty.

#### *Nordic agreement on export controls*

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 controls. The ISP met representatives of these countries for negotiations on the sub-agreement during the year. The negotiation work will continue in 2019.

#### *The European Defence Fund*

Work on setting up the European Defence Fund (EDF) 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. The issue of third-country exports and export controls has been discussed at only a rudimentary level in the negotiations, but in the most recent versions of the draft EU regulation, a provision has been included 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 differences of opinion 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*

There was strong focus with regard to international export control policy during the year on various countries' exports of military equipment to those countries taking part with military forces in the Yemen conflict, principally Saudi Arabia and the United Arab Emirates. Following the murder of the Saudi journalist Khashoggi at the Saudi consulate in Istanbul in Turkey in October, Germany, Denmark, Finland and Norway, among others, announced that they would have an export control policy in relation to Saudi Arabia similar to the one that Sweden *de facto* has had for a long time, which means that the countries do not issue any export licences for new military equipment export deals to Saudi Arabia. Sweden has not issued any export licences for new military equipment export deals to Saudi Arabia since 2013. Germany went a step further than the other countries and also temporarily halted follow-on deliveries for previously supplied military equipment to Saudi Arabia. Several of the countries mentioned also announced that, in future, they would have an export control policy in relation to the United Arab Emirates similar to the one Sweden

*de facto* has had since June 2017, which means that they will not issue any export licences for new military equipment export deals to the country. The largest suppliers of military equipment to Saudi Arabia and the United Arab Emirates in 2018, as in recent decades, were the United States, the United Kingdom and France. Exports from these countries continued in the same way as previously in 2018, although a vigorous internal debate on completely or partially halting deliveries is taking place, particularly in the United States and the United Kingdom.

#### *Ownership restriction in the defence 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. 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. 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. 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 often be a concealed state military interest in the background. In response to the problems outlined, the Commission has presented a proposal for review of direct investments in the EU; see below under 'Dual-use items'.

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 rules on ownership restriction, the ISP halted sale during the year of a Swedish defence industry company to an owner in a country for which there were no defence and security policy reasons to permit ownership in the Swedish defence industry.

Due to the provisions on ownership restriction in the Military Equipment Act, 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 and state actors based in the United Kingdom and in Norway and Finland. The acquisitions have been approved by the Government or the Inspectorate of Strategic Products in connection with assessment of applications for manufacturing or brokering licences for the individual company, following an assessment of whether there are security and defence policy reasons to grant such a licence and whether it contravenes Sweden's foreign policy.

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

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

systems, advanced simulator 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 operations. 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 (see *annex*). The international operations of the defence industry now account for around 50% of the military equipment manufactured in Sweden.

The Swedish defence industry invests a large share of its revenue in research and development (R&D). R&D relates to both maintenance and upgrades of existing military platforms, sometimes through new product versions, often marketed with the term Mk followed by a number designating the version concerned, and new development of completely new military equipment systems. Maintenance, upgrading and new development of military equipment systems takes place

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

In both the latter cases, there is often a lack of a 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.

In recent years, the Swedish defence industry has maintained, upgraded and newly developed a number of military equipment systems, including as stated in the *annex*.

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

All the parliamentary parties except the Left Party backed the Riksdag's announcement to the Government in March 2018 that the Government should review the possibility of giving the ISP the right to make use of signals intelligence from the Swedish National Defence Radio Establishment (report 2017/18: FöU5, written communications from the Riksdag 2017/18:178 and 2017/18:179). The matter is under discussion in the Government Offices of Sweden.

*New EU Regulation on DUI control*

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

*New EU Regulation on screening of foreign direct investments*

In 2017, the Commission proposed an EU Regulation establishing a framework for screening of foreign direct investments into the European Union (Proposal for a Regulation of the European Parliament and of the Council establishing a framework for screening of foreign direct investments into the European Union, COM(2017)487). In a consultation response in December 2017, the ISP recommended, with certain proposed amendments, that the new EU Regulation should be introduced and that Sweden, after proper inquiry, should introduce through legislation a system of control of foreign acquisitions of companies that manufacture or sell dual-use items within the limits permitted by the EU Regulation. Negotiations took place on the new EU Regulation in 2018, and a decision to adopt the Regulation is expected shortly.

*Assessment of licence applications in 2018*

Assessment of licence applications for dual-use items is based on foreign and security policy considerations, as set out in Article 12(1) of EU Regulation 428/2009, and mainly concerns whether the item can be assumed to be used, in the end-user country, or after diversion to another country, to strengthen military potential in the country or in some other way be directly or indirectly used or diverted for a destructive purpose.

With regard to assessment of licence applications in 2018, changes in the surrounding world, including the build-up of military forces taking place around the world, have resulted in an increase in the number of complex cases requiring more in-depth analysis before a decision is made. As a further consequence of changes in the surrounding world, the number of rejected applications for export licences increased during the year.

The ISP saw a great need to consult other affected authorities in the field of non-proliferation in 2018. These consultations take place both through bilateral contacts with affected authorities and in various cooperation forums that include authorities working on non-proliferation issues. Operationally focused cooperation at administrative level takes place within the Non-Proliferation and Export Control Group (ISEK) through regular meetings with the National Defence Radio Establishment, the Swedish Armed Forces through the Swedish Military Intelligence and Security Service, the Swedish Security Service, the Swedish Defence Research Institute and Swedish Customs. A council for cooperation between authorities on non-proliferation issues (the Cooperation Council) is attached to the ISP and is intended to promote effective coordination between authorities with regard to measures against the proliferation of weapons of mass destruction. The Cooperation Council consists of the director-generals of the authorities mentioned and met once in 2018.

### **Non-controlled items and technology**

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

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

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

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

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

An important but very challenging task under the international export control regimes that draw up the control lists of what constitutes military equipment and dual-use items will in future be to demarcate the areas of emerging technologies so that the civilian 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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Appendix 3

## **International sanctions**

### *Iran*

The plan of action for Iran's nuclear technology programme from 2016, the Joint Comprehensive Plan of Action (JCPOA), remains in force despite the United States having ceased to implement the agreement and having re-introduced sanctions against the country during the autumn with effect also in relation to third countries (secondary effect). This action by the United States has led, among other things, to unwillingness in the banking world to handle payments to and from Iran, which in turn is reflected in a reduced number of export applications received by the ISP. The sanctions that the EU continues to uphold against Iran under the JCPOA are unchanged and, as previously, cover a large number of items for which a licence is mandatory. The EU sanctions, combined with the uncertainty brought about by the American secondary sanctions, mean that the ISP continues to receive a significant number of applications and questions from Swedish companies.

### *Consultations at an early stage*

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 may be reasons why the ISP is often consulted before a company submits a licence application. There is also a continued trend for operators other than exporters, such as hauliers, freight companies, financial institutions, etc. to turn to the ISP for advice or the authority's assessment as to whether a particular export contravenes applicable sanctions, or to want to have a meeting with the authority before taking on an assignment. The 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**

Use of chemical weapons attracted considerable international attention during the year, partly as a result of attacks with chemical weapons on civilians in Syria. Both the state of Syria and the terrorist organisation IS have been accused of being behind these attacks.

During the year Russia was additionally accused of being behind the attempted murder of the former Russian intelligence officer Sergei Skripal and his daughter in the United Kingdom by using a chemical agent.

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

## 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 manufacturing, supply and export of military equipment and on the provision of technical assistance to anyone outside the country. Licences may, however, be granted for these activities. The holder of a licence to manufacture and supply military equipment is under the supervision of the ISP.

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

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

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

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

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2018/19:114  
Appendix 4

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Overriding criteria and assessment criteria**

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

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

**Regulation (EU) No 258/2012 of the European Parliament and of the Council of 14 March 2012 implementing Article 10 of the United Nations' Protocol against the illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, supplementing the United Nations Convention against Transnational Organised Crime (UN Firearms Protocol), and establishing export authorisation, and import and transit measures for firearms, their parts and components and ammunition.**

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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, which regulates licences to export civilian firearms, their parts and ammunition outside the EU, as well as certain import and transit measures for such exports. A list of the firearms, their parts and essential components and ammunition that are subject to control is contained in an annex to Regulation 258/2012.

The ISP is the licensing authority under the Ordinance.

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

*Common EU legislation*

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

The Regulation unites Member States' undertakings within the scope of the international export control regimes with the greatest possible freedom of movement of goods within the internal market. Developments within the regimes are taken into account through regular amendments and updates of the item lists included in the Regulation. The annexes to the Regulation are determined within the framework of first pillar cooperation within the EU, meaning they have a direct effect at the national level. In accordance with the Regulation, the annexes are to be updated annually.

The Regulation facilitates the assessment of licence applications by including common criteria that Member States have to take into account in their assessments. However, licences are granted at the national level (see below). In addition, there is a general community licence for exports of certain products to certain specified third countries. This type of licence facilitates the work of exporting companies in that the same licence can be

invoked regardless of where in the EU the exports originate. This has also led to increased consensus in the EU on exports of this kind.

#### *Swedish legislation*

In Sweden, the EU Regulation is complemented by the Dual-Use Items and Technical Assistance Control Act (2000:1064) and Ordinance (2000:1217). Both statutes came into force on 1 January 2001.

In contrast to the military equipment legislation, where export licences represent exceptions to a general prohibition on exports, the reverse is true under the regulations governing the controls on dual-use items. In this case, the basic premise is that an export licence will be granted as long as this does not conflict with the interests of foreign or security policy as these are described in the EU Regulation.

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

Like its predecessor, the Dual-Use Items and Technical Assistance Control Act lacks specific rules regarding opportunities to receive preliminary decisions regarding whether or not an export licence will be provided for any potential export of dual-use items to a specific destination. However, a practice has been developed that involves the ISP providing companies with preliminary decisions.

#### *The catch-all clause*

Under Article 4 of Council Regulation (EC) No 428/2009, a licence may also be required for exports of items that are not specified in the annexes to the Regulation (non-listed items) if the exporter has been informed by the Swedish authorities that the item is or may be entirely or partly intended to be used in connection with the production etc. of weapons of mass destruction or missiles that are capable of delivering such weapons. This catch-all clause has been included to prevent the regulations from being circumvented due to the fact that, on account of rapid technological developments, the lists are seldom completely comprehensive.

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

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

# Abbreviations

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

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

## Guide to other sources

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Appendix 6

### Source references in alphabetical order

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

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

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

The 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)

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

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

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

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

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

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

The 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)

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

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

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

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

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

