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Annual report on The Netherlands arms export policy 2006

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The Netherlands arms export policy in 2006

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1. Introduction

The present report on the Netherlands arms export policy in 2006 is the tenth annual report drawn up in accordance with the "Policy paper on greater transparency in the reporting procedure on exports of military goods" (Parliamentary Proceedings 22 054 No. 30, 27 February 1998). The report comprises:

- a summary of the principles and procedures of the Netherlands arms export policy,
- a description of developments relating to transparency,
- an outline of the Dutch defence-related industry,
- a description of developments within the EU relevant to the arms export policy,
- an outline of the role and significance of the Wassenaar Arrangement, and
- a description of efforts in the field of arms control with specific reference to the problem of small arms and light weapons.

Appendix 1 to the report states the values of licences for exports of goods issued in 2006 by category of military goods and by country of final destination. For reporting purposes it has been decided to state the figures for the first-half and second-half of 2006 separately as well, in view of the fact that an interim statement of the first-half figures for the current year is submitted to Parliament in the autumn.

Appendix 2 shows the trend in Netherlands arms exports for the period 1996-2006. **Appendix 3** contains a table on the licences issued for transit of military goods to third countries.

Appendix 4 lists the denial notifications made by the Netherlands to its EU partners. These notifications form part of the EU Code of Conduct governing exports of military goods.

Appendix 5 contains information on disposals of surplus defence equipment made in 2006.

2. Instruments and procedures of the arms export policy

Licences for the export of military goods are issued on the basis of the Import and Export Act. Companies or persons intending to export goods and technology appearing on the list of military goods pertaining to the Annex to the Strategic Goods Import and Export Order, apply to the Central Import and Export Service (*Centrale Dienst voor In- and Uitvoer, CDIU*) for an export licence. The CDIU forms part of the Tax and Customs Service/North (*Belastingdienst/Douane Noord*) Department of the Ministry of Finance and, with regard to arms export policy aspects, receives its instructions from the Ministry of Economic Affairs. Applications for the export of military goods to NATO and EU member states and equated-status countries (Australia, Japan, New Zealand and Switzerland) are in principle dealt with by the Ministry of Economic Affairs. During the year under review exceptions to this rule applied for Bulgaria, Cyprus, Romania and Turkey. Applications for exports to these as well as all other countries were submitted to the Minister of Foreign Affairs for advice. The latter's advice plays an essential role in the decision-taking process on the issue of an export licence. If no objections are found to exist with regard to the intended export, the Ministry of Economic Affairs will issue an export licence.

In the case of applications for exports to developing countries appearing on the OECD DAC¹ list, the Minister of Foreign Affairs will first consult with the Minister for Development Co-operation, and will then advise the Minister of Economic Affairs on the basis of that consultation.

In the case of exports of weapons systems being disposed of by the Dutch armed forces, Parliament receives prior confidential notification from the State Secretary of Defence. Disposals of this nature are subject to the regular licence procedure and – just like commercial export transactions – such transactions are assessed by the Ministry of Foreign Affairs against the criteria of the arms export policy.

An amendment to the Import and Export Act in 2001 created the possibility for the classification and assessment system of the arms export policy to be extended in certain cases to the transit of strategic goods across Netherlands territory. By means of a subsequent amendment to the Strategic Goods Import and Export Order, three distinct forms of transit control were then introduced.

First, a generic mandatory licence for cases where military goods in transit remain in the Netherlands for an extended period or where they undergo some processing operation in the course of transit. Exempted from such mandatory licensing are transit consignments which are subject to the effective export control of a friendly (partner) country or an ally or which are destined for one of these countries, i.e. EU member states, NATO allies, Switzerland, Australia, New Zealand and Japan.

Secondly, a means to impose an ad hoc mandatory licence for consignments of military goods not covered by the generic mandatory licence. This form can be used in particular where there are indications that a consignment is not already subject to the effective export control of the country of origin or where it would appear that, in the course of its transit through Netherlands territory, a consignment may be redirected to a destination other than that intended upon the issuance of an export licence.

Thirdly, a mandatory notification for transit consignments of all military goods appearing on the list pertaining to the Annex to the Strategic Goods Import and Export Order. This is intended primarily to gain improved insight into the position occupied by the Netherlands as a transit country, but also to generate more information in support of decisions on whether or not to impose the above-mentioned ad hoc mandatory licence.

3. Principles of the arms export policy

Applications for licences for the export of military equipment are assessed on a case-by-case basis against the eight criteria of the arms export policy with due consideration for the nature of the product, its country of final destination and end-

¹ The OECD DAC list is a list of countries receiving international financial aid, drawn up by the Organisation for Economic Co-operation and Development (OECD).

user. These eight criteria were agreed by the European Councils of Luxembourg (1991) and Lisbon (1992), and they read as follows:

1. *Respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations.*
2. *The respect of human rights in the country of final destination.*
3. *The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.*
4. *Preservation of regional peace, security and stability.*
5. *The national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.*
6. *The behaviour of the buyer country with regard to the international community, as regards in particular to its attitude to terrorism, the nature of its alliances and respect for international law.*
7. *The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.*
8. *The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.*

In June 1998 the member states of the European Union adopted the EU Code of Conduct for arms exports, in which they agreed on a common interpretation of the criteria of the arms export policy. The Code also incorporates a mechanism for information exchange, notification and consultation in cases where one member state has an export licence under consideration for a destination for which a similar licence has previously been denied by another. The Code of Conduct sets minimum standards. The Code expressly acknowledges the right of member states nationally to apply a more restrictive arms export policy than required by the Code². It should also be noted that the User's Guide to the Code states guidelines for application of the individual criteria (refer also to section 6).

Bosnia-Herzegovina, Canada, Croatia, the Former Yugoslav Republic of Macedonia, Iceland and Norway have officially endorsed the criteria and principles of the EU Code of Conduct. Furthermore, Norway exchanges information with the EU relating to licence denials.

² The text of the EU Code of Conduct is available on the EU website: <http://ue.eu.int/pesc/ExportCTRL/nl/index.ht>

The Netherlands as a matter of course observes in full the arms embargoes instituted within EU, OSCE and UN frameworks. On 23 January 2006 the embargo on Bosnia-Herzegovina was lifted. New arms embargoes instituted in 2006 related to Lebanon³ and North Korea⁴.

With effect from April 2007 a website was opened offering access to a table showing relevant national arrangements for implementation of UN and EU sanctions including arms embargoes: www.minbuza.nl/sancties. In view of the availability of current information via this site it has been decided to discontinue the inclusion in the Annual Report of an appendix in the form of a table listing the arms embargoes operating in the year under review.

In addition to the table on the above-mentioned website, it should be noted that a non-binding UN embargo has been in force for Armenia and Azerbaijan since 1993 (UN Security Council resolution 853). Moreover, an OSCE embargo on arms and ammunition is applicable to the warring factions in Nagorno-Karabakh (decree of the Senior Committee - predecessor of Permanent Council – of 28 February 1992).

4. Transparency in the arms export policy

In accordance with a pledge made by the Minister of Foreign Affairs in the course of a debate in December 1997 on the Foreign Affairs budget, the Government in February 1998 submitted a policy paper on greater transparency in the reporting procedure on exports of military goods (Parliamentary Proceedings 22 054, No. 30). The present report on 2006 is the tenth non-confidential report which has been issued since then. It is based on the value of the licences issued by category of military goods and by country of final destination. In order to further enhance the transparency of the figures, the tables stating the value by country of final destination also specify the relevant goods categories. For the purpose of clarifying the overall trend, it has been decided to present both the consolidated figures for 2006 as a whole, and the figures for first-half and second-half 2006 separately. In this respect it is noted that the first-half figures have already been presented to Parliament in the form of an interim statement⁵. Furthermore, information is also included on licence denials notified to the EU partners in the context of the EU Code of Conduct (see Appendix 4).

Besides the present report on Netherlands exports of military goods in 2006, non-confidential information is also otherwise available on the arms export policy. For example, at www.exportcontrole.ez.nl the Central Import and Export Service publishes the “Strategic Goods Manual” (Handboek Strategische Goederen). This manual is intended for persons, companies and organisations with professional interests in procedures governing imports and exports of strategic goods. It provides users with information on the policy objectives and relevant legislative measures and procedures,

³ UN Security Council resolution 1701 of 11 August 2006; Common Position 2006/625/CFSP, 16 September 2006, and Regulation (EC) No. 1412/2006 of 27 September 2006

⁴ UN Security Council resolution 1718, 14 October 2006; Common Position 2006/795/CFSP of 22 November 2006 and Regulation (EC) No. 329/2007 of 29 March 2007

⁵ Parliamentary Proceedings 2006-2007, 22 054, No. 115.

besides containing a wealth of practical information. In this way the manual increases user awareness of this specific area of policy. The manual is regularly updated in the light of national and international developments in this area.

In addition, the above-mentioned website also presents a range of information on the export and transit of strategic goods, including the present annual report as well as key data on all licences issued for the export of military goods.

Furthermore in the year under review the publication commenced of monthly summaries stating key data on the transit of military goods across Netherlands territory. These data are taken from the mandatory notifications of such movements which have to be made to the Central Import and Export Service (*Centrale Dienst voor In- and Uitvoer, CDIU*). With this additional information reported on the export controls website, this website now contains monthly summaries of all licences issued for military goods, all licences issued for dual-use goods, and of all notifications received for transit of military goods. In common with the practice in recent years, the data on transit licences issued are included in the present Annual Report (Appendix 3).

5. The Dutch defence-related industry

With very few exceptions, the Dutch defence-related industry consists above all of civil enterprises and research organisations with divisions specialising in military production. Although this sector is small in size, it is nevertheless characterised by high-tech production, ongoing innovation and highly skilled personnel. Within the bounds of a responsible foreign and security policy, the Government's policy is aimed at retaining this technologically valuable capability for the Netherlands. To this end, Dutch companies are involved in national military tenders, either directly or indirectly through offset orders. Because the national market is clearly too small to maintain the available expertise independently, the Dutch defence-related industry is also encouraged to take part in international joint ventures and co-operation in the field of defence equipment. This has led to the establishment of commercial relations with above all Belgian, British, French, German and American enterprises, also involving joint commitments relating to systems maintenance and subsequent components delivery.

The establishment of the European Defence Agency (EDA) in July 2004 is relevant in this context. The EDA is to play a central role in reinforcing European military capabilities, and its tasks relate among other things to consolidation of the European defence technology and industry base and to liberalisation of the European defence equipment market.

Joint ventures also play an important role where supplies to third countries are concerned. Accordingly, the scope for Dutch companies to enter into long-term international joint ventures and co-operation arrangements depends in part on the transparency and the consistency of the Netherlands arms export policy.

The importance of the export activities of this sector is recognised as an essential condition for the continuity of the existing technological base. Equally, it is recognised that, in the interests of the international legal order and the safeguarding of peace and security, limits must be imposed on the export activities of the defence-related industry. Within those limits, in the Government's judgement the Dutch industry should be able to meet other countries' legitimate needs for defence equipment. Bearing in mind the above-mentioned conditions and circumstances, the Dutch defence-related industry has pursued a policy of increasing specialisation. Those companies with the largest export share in their military production manufacture principally advanced components and sub-systems. Although the maritime sector in particular still has the capability to undertake all the production stages from drawing-board to launching-slip, Netherlands exports of complete weapons systems in recent years can be virtually entirely accounted for by disposals by the Dutch armed forces of surplus defence equipment.

The most recent quantitative data on the defence-related industry was made available on a voluntary basis by the firms concerned in the context of a study which was submitted to Parliament as information in 2004⁶. It deals with production (civil/military), exports (as a share of total sales), manpower, etc. For a number of years around 250 SME firms in the Netherlands have in some way been engaged in military production. It should nevertheless be noted that military production is defined as production intended for domestic and foreign defence orders, and not as production of goods which are classified as military goods in accordance with the Strategic Goods Import and Export Order.

Military production accounts for on average an estimated total Dutch turnover of between € 1.5 billion and € 2.0 billion on an annualised basis. This represents an average share of 4% of the total turnover of the companies and organisations concerned, most of which therefore perform mainly civil work. Of the total exports by these companies and organisations, about 45% or approximately € 770 million is classified as military exports. There are only a few firms that concentrate virtually completely on the defence market. The development of advanced technology associated with military production enables these companies and organisations to accomplish product innovations and is in addition an important source of military spin-offs and civil spill-overs. Sectors in which the Dutch defence-related industry operates include development and production in shipbuilding, aerospace technology, radar technology, as well as transport, infrastructure, and ICT. Military production accounts for about 11,000 jobs.

6. EU co-operation

EU co-operation on arms exports is co-ordinated within COARM, the Working Group on Conventional Arms Exports. On behalf of the Netherlands, representatives of the Ministry of Foreign Affairs and the Ministry of Economic Affairs attend COARM meetings. In COARM, within the framework of the EU Common Foreign and Security

⁶ Performed by Research voor Beleid Consultants and presented by letter from the State Secretary of Economic Affairs dated 16 July 2004, Parliamentary Proceedings 2003-2004, 26231 No.10.

Policy (CFSP) the member states (including Bulgaria and Romania which in 2006 still had acceding member status) exchange information on their arms export policy and endeavour to improve mutual co-ordination of these policies and the relevant procedures. This co-operation is based on the EU Code of Conduct referred to in Section 3 of this annual report.

An important item on the COARM agenda in 2006 was the drafting of best practice guidelines for the application of the various individual criteria of the Code of Conduct. These guidelines are to be included in the User's Guide to the operation of the Code. Common interpretation of the individual criteria of the EU Code of Conduct promotes harmonisation of the arms export policy of the EU member states and contributes towards integration of the Code system in new member states. At the same time the guidelines are proving to be a useful instrument for the purpose of outreach activities to non-EU countries. The guidelines for application of criterion 8 (concerning the compatibility of the export transaction with the technical and economic capacity of the recipient country) were taken in hand first and were completed in 2005.

In 2006 the drafting of guidelines for the application of criterion 2 (human rights), which had begun in the preceding year, went ahead in a working group led by Germany, and work on criterion 7 (risk of diversion) was completed in a working group led by Sweden. Subsequently the guidelines for criterion 3 (internal situation in the recipient country) and criterion 4 (regional stability) were drawn up under Dutch leadership.

In June 2007 COARM has furthermore been able to complete its work on the guidelines for application of the remaining three criteria. In this manner, a Parliamentary motion⁷ was implemented, which called on the Government to use its best endeavours to modify the EU Code of Conduct on arms exports such that the emphasis of co-operation should no longer be on denials of specific licence applications but rather on harmonisation of member states' actual export policies.

The above-mentioned User's Guide also provides practical guidelines regarding the information and consultation procedure on licence denials. Also, the central database of national denials, which is maintained by the EU Council Secretariat in Brussels, has been operational since January 2004. The intention is that, prior to issuing licences, EU member states will consult this database to see whether similar cases have met with denials from other member states. If that is the case, consultation is required. If the prior denial is not followed, the reasons for doing so must be stated.

October 2006 saw publication of the eighth EU annual report (drawn up by COARM)⁸, reviewing the subjects discussed within COARM. The report also contains detailed statistical information on exports of military equipment by the EU member states in 2005. The report includes export data classified by member state and by country of final destination, in addition to stating numbers of licences issued as well as the value of the licences issued. Most member states also report the value of exports actually realised. Furthermore, where possible the data are classified by category of the

⁷ Parliamentary Proceedings 2003-2004, 29800 V, No.22.

⁸ Official Journal of the European Communities, C250, 16 October 2006.

military list. The Netherlands also supplies these data. Lastly, the report states the aggregated numbers of licence denials and the relevant criteria applied, in addition to the number of consultations undertaken by EU partners.

In anticipation of the publication of the ninth EU annual report later this year, it may be reported that in 2006 member states notified a total of around 360 licence denials in the EU context, which corresponds with the figures for preceding years (in 2003: 360, in 2004: 300, and in 2005: 365). The number of consultations conducted, however, was substantially down by comparison with preceding years. Whereas formal bilateral consultations totalled 116 in 2003, 151 in 2004 and 133 in 2005, for 2006 that number is only 75. There is no reason to assume that this low figure might reflect any reduced level of co-operation, but rather the contrary.

In 2006 the Netherlands was furthermore involved in a total of five consultations (in 2005: nine). Four were initiated by the Netherlands, and the Netherlands was consulted on one of its denials.

Also in 2006, the Council unfortunately was unable to adopt the revised EU Code of Conduct although agreement in principle had already been reached in 2005 both on the substance of the revision and on the transformation of the (politically binding) Code into a (legally binding) Common Position. Despite efforts of the Finnish EU Presidency, one member state persisted in blocking adoption of the Common Position with its requirement that the decision should be conditional on abolition of the arms embargo vis-à-vis China.

As stated in previous Annual Reports on arms export policy, the new elements envisaged in the new Code of Conduct are:

- broadening the scope of the code to include licence applications relating to brokering, transit, intangible forms of technology transfer, and transfer of production licences;
- tightening criterion 2 (human rights) by including a reference to respect of international humanitarian law;
- explicit reference to the risk of reverse engineering (i.e. deducing the production process by analysing the product itself);
- including in the preamble the importance of the UN Register of Conventional Arms as an element in the assessment of licence applications.

Likewise, no further progress been made on the Toolbox proposal, developed on an initiative by the Netherlands, with regard to post-embargo destinations. The Toolbox is to be incorporated in the User's Guide and contains measures designed to augment transparency with regard to granted licences and to further intensify consultation among member states concerning export policy. The main items on which no agreement has yet been reached relate to the period of applicability of Toolbox measures.

7. The Wassenaar Arrangement

On the multilateral level, developments surrounding arms exports are discussed in the framework of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (WA). In the year under review altogether 40 countries, including the United States, Russia and the EU member states⁹, participated in this forum, which owes its name to the town where, under the presidency of the Netherlands, the negotiations were conducted on the founding of the Arrangement. These countries together are estimated to account for over 90% of total world exports of military goods.

The goal of the WA (as stated in the Initial Elements¹⁰) is to contribute towards regional and international security and stability. This goal is pursued by means of regular information exchange relating to exports to third parties of arms and of goods that can be used for military purposes. The intention is to promote a greater sense of responsibility in national assessments of applications for licences for exports of such goods. Clearly, more information will enable participating states to assess with greater accuracy whether the arms build-up of certain countries or regions exceeds their legitimate needs for defence equipment. If that is the case, this should result in participating states becoming more cautious in their licence issuing policy towards such countries of final destination.

In addition to a list of (conventional) dual-use goods that is applicable to the Netherlands via the EU Dual-Use Regulation, the Wassenaar Arrangement has a list of military goods which are deemed to be subject to export controls. In the Netherlands, this control list forms an integral part of the Strategic Goods Import and Export Order. Each revision of the WA list therefore automatically results in an amendment to that Import and Export Order.

For the Wassenaar Arrangement the year 2006 marked the tenth anniversary of its existence. This anniversary was brought to a close in December with a press conference and a meeting for the diplomatic corps in Vienna¹¹. To mark the occasion and commemorate the roots of the Arrangement, the Mayor of Wassenaar on behalf of the Netherlands presented two artistically enhanced photographs of Castle De Wittenberg, the location where the original negotiations on the setting up of this export control regime were held. These gifts have meanwhile received a prominent position in the main assembly hall of the Wassenaar Arrangement Secretariat in Vienna.

In the course of the year the WA paid great attention to proposed amendments to the control lists, outreach to non-partner states and international organisations, and also to drawing up a work programme for 2007, the year in which an assessment of the WA's functioning is due to take place. However, in the course of the closing plenary meeting

⁹ In 2006 this applied to all 15 "old" EU member states. Of the twelve "new" participating states, the Czech Republic, Hungary, Poland, Romania and Slovakia had participated in the WA since its establishment in 1996; Of the six other new member states Slovenia was admitted in 2004, and agreement on the membership of Estonia, Latvia, Lithuania and Malta was reached in April 2005. Cyprus is not yet a partner on account of objections by Turkey.

¹⁰ The initial Elements can be found on the website of the Wassenaar Arrangement: www.wassenaar.org

¹¹ See: <http://www.wassenaar.org/10thAnniv/10thAnniv.html>

in December 2006 agreement was already reached on two documents containing recommendations for mandatory procedures to be observed by export control authorities: “Best Practices for Implementing Intangible Transfer of Technology Controls”, and “Best Practice Guidelines for the Licensing of Items on the Basic List and Sensitive List of Dual-Use Goods and Technologies”. Further information on the principles and goals of the WA, in addition to current developments as well as the texts of the above documents, can be found at www.wassenaar.org.

8. Arms control

The area of arms control features various topics relevant to arms export policy. These include activities relating to small arms and light weapons, the international arms trade treaty and the UN Register of Conventional Arms.

Small arms and light weapons

The Netherlands government pursues a policy aimed at reducing armed violence and curbing the uncontrolled proliferation of SALW and their ammunition. The objective of the Netherlands policy is to reduce the numbers of victims of armed violence, armed conflicts and gun crime and thereby contribute towards security and stability, as a condition for sustainable development and attainment of the Poverty Reduction Objectives.

The Netherlands attaches great importance to implementation of the international understandings which have been reached at international and regional level in order to restrict armed violence and counter the proliferation of SALW. The Netherlands supports activities in countries and regions where implementation of understandings reached and controls on compliance with national legislation is absent or ineffective, for example due to insufficient capability. To achieve this objective the Netherlands policy objectives include:

- implementation of the UN Programme of Action and other multilateral and regional initiatives and understandings in the field of SALW, including brokering, and in the field of their ammunition;
- curbing armed violence and integration of the SALW policy and development policy.

UN Programme of Action

The United Nations Programme of Action, 2001 requires states to pursue active policies at the national, regional and international level in the field of SALW, including development and implementation of arms legislation, destruction and secure storage of (surplus) arms (and ammunition), improved co-operation among states, *inter alia* in the marking and tracing of illegal weapons, and assistance and support for activities in

countries and regions possessing insufficient capability themselves to implement the measures as set out in the UN Programme of Action.

The first Review Conference on the UN Programme of Action took place in mid 2006. For the EU, priority topics were transfer controls, marking and tracing, brokering, the relationship between SALW and development, ammunition and follow-up measures. The EU endeavoured to effectuate further definition and substantiation of these topics. The UN member states did not agree a final document. Parliament received written information on the results of the Review Conference¹².

In spite of the absence of a final document, positive developments on most topics emerged nevertheless. Clear progress was achieved with regard to transfer controls. In the course of the conference, over 115 states expressed support for further-reaching understandings in this area. Considerable progress was achieved on the matter of integration of the policy concerning SALW and development policy. Nevertheless it appeared that in general there was a perceived need for more information on how this topic can be translated into practice and how the two policy themes can be integrated. A majority voted in favour of dealing with the problem of SALW ammunition in a separate procedure within the UN context.

In 2006 the Netherlands was requested to chair the UN Group of Government Experts on SALW brokering. The first of altogether three sessions of the Experts Group took place at year-end 2006. The third session was held in June 2007 and resulted in a written advisory report with recommendations which were undergoing their final touches while the present Annual Report on Arms Export Policy was in the process of being drafted. The report is to be presented to the Secretary General of the United Nations in mid 2007. In spite of efforts by the Netherlands to that end, inclusion of a recommendation to develop an international legally binding instrument aimed at restricting illegal trafficking in SALW proved unachievable.

OSCE

In mid 2006, with reference to the OSCE Document on Small Arms and Light Weapons, 2000 the Netherlands reported the total import and export figures as well as the quantity of SALW destroyed. In 2006 the Netherlands supported a number of OSCE-operated SALW and ammunition destruction and storage projects in Southern and East Europe.

EU and SALW

The EU Strategy on SALW adopted in December 2005 serves as a coherent framework for the EU policy in this regard. Owing to a current dispute between the Commission and the Council on a question of competence concerning SALW project funding in Africa (the ECOWAS case) only a few projects received (follow-up) funding in 2006 (Ukraine, ECOWAS¹³ and UNLiREC¹⁴).

¹² Parliamentary Proceedings 2005-2006, 22954, No. 112.

¹³ The Economic Community of West African States.

¹⁴ The UN Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean.

The EU Member States report annually on their national activities on implementation of the EU Joint Action, 2002. The national reports and the EU activities are combined in the Joint Annual Report¹⁵.

Netherlands Project Support

A number of SALW projects received financial support from the Stability Fund. Approximately € 3 million was available for this purpose. In 2006, the Netherlands Government provided project support in for example Africa, Afghanistan and South-East Europe in the field of arms and ammunition destruction, secure storage and the drafting of national action plans to control illegal trafficking in SALW.

Another priority for the Netherlands in 2006 was the matter of SALW and development. The Netherlands emphasises this relationship among other things in order to ensure that understandings reached within the UN Programme of Action can also be honoured by developing countries. In addition, armed violence and the SALW problem are having an adverse impact in terms of meeting the Millennium Development Objectives¹⁶. The Netherlands is in favour of integrating programmes for curbing armed violence and illegal trafficking in SALW within broader national development programmes and strategies.

In June 2006 a ministers' summit meeting on Armed Violence and Development took place in Geneva. The Netherlands was represented by the Minister for Development Co-operation. The summit, which considered the integration of policy on SALW and armed violence with broader development policy, closed with the adoption of the Geneva Declaration on Armed Violence and Development. The summit meeting and the declaration built *inter alia* on the UN resolution on integration of security policy and development policy (A/RES/60/68), initiated by the Netherlands in 2005. Since year-end 2006 the Netherlands has participated in a core group seeking to facilitate tangible implementation of the Geneva Declaration by drawing up an action plan.

In 2006 the Netherlands decided to grant structural aid to in principle two countries, Uganda and Burundi, in the priority areas in Africa (the Great Lakes region and the Horn of Africa), for the purpose of developing and implementing a National Action Plan (NAP) on SALW, which is relevant to and for integration in the Poverty Reduction Strategy Paper (PRSP) of the country concerned¹⁷.

International Arms Trade Treaty

On 6 December 2006 the United Nations General Assembly (UNGA) passed a resolution initiating a procedure that is intended ultimately to lead to a global arms trade treaty. All the EU member states co-sponsored the resolution (61/89), which was

¹⁵ The fifth report, June 2006, can be found at: <http://register.consilium.europa.eu/pdf/and/06/st10/st10547.en06.pdf>

¹⁶ These are international understandings on eight concrete development objectives which must have been achieved by 2015.

¹⁷ Parliamentary Proceedings 2006-2007, 22054, No. 113.

moved by the United Kingdom, Argentina, Australia, Costa Rica, Japan, Finland and Kenya. Altogether 153 nations voted in favour, 24 abstained and only the United States voted against. The resolution envisages a procedure whereby the Secretary-General of the United Nations (SGUN) would request all member states to submit their views on the feasibility, desired content and scope of such a treaty, for the purpose of which a group of government experts will be appointed in 2008 to study the feasibility of a treaty in the light of the views presented.

In late April 2007 the Netherlands and all other EU member states notified their views on the global arms trade treaty to the SGUN. The view of the Netherlands was established following an interdepartmental process. Other parties consulted on the national document were the Netherlands Red Cross and civil society in general. The Netherlands also made demarches in some 20 countries, encouraging them to submit their views to the UN. This action formed part of an EU strategy designed to ensure that the SGUN would receive the greatest possible number of favourable views on the arms trade treaty so that the group of government experts can set out with a predominantly favourably coloured report in 2008.

Transparency in armaments and the UN Register of Conventional Arms

In 1991 the General Assembly of the United Nations on a Netherlands initiative passed Resolution 46/36 L concerning transparency in armaments. On the basis of that resolution the UN Register of Conventional Arms was established in 1992. The register discloses particulars about the imports and exports of seven categories of conventional heavy weapons, with the objective of thereby increasing trust among nations.

The register provides information on an annual basis on the source country of military goods exports, the transit country if any, and the importing country, together with the size of the goods flows classified in the following categories: I. tanks, II. armoured combat vehicles, III. heavy artillery systems, IV. combat aircraft, V. combat helicopters, VI. warships, and VII. missiles and missile launch systems.

In addition, there is a separate section for remarks, in which countries can give a more detailed description of the arms and comment on specific transfers. Furthermore, countries are urged to provide information on their own military stocks and on acquisitions resulting from their own manufacturing production.¹⁸ Since the evaluation of the Register in 2003, data on the import and export of small arms and light weapons can also be furnished to the United Nations on a voluntary basis as part of the annual notification to the UN. The Netherlands supplies this information.

Over the past decade, more than 160 nations have participated in the register, including all the major arms-manufacturing, arms-importing and arms-exporting countries. The register is currently estimated to encompass over 95% of the world-

¹⁸ Information on the UN Register can be found at:
<http://disarmament.un.org/cab/register.html> 'Register of Conventional Arms'

wide trade in the above-mentioned seven categories of conventional arms. In recent years there has been a gradual increase in the number of participating countries from 99 to 126 in 2001. Meanwhile the figure has stabilised at around 117 notifications for the calendar years 2004 and 2005, but the ambition remains to achieve universal and consistent participation. No marked development is discernible in the number of countries that additionally provided information on their military stocks and on purchases from their own defence industry. This total remained fairly constant relative to preceding years.

Twice every three years the Netherlands moves the UNGA resolution Transparency in Armaments, which traditionally can count on the support of a large majority of the UN member states. In 2006 158 states voted in favour, including China, Israel, the United States and the Russian Federation. It was the first time the resolution was co-sponsored by the latter three. This resolution ensures that once every three years a group of government experts meets in order to evaluate and further develop the Register, and that the results are then implemented. The most recent meeting of this group was in 2006.

The adoption of AVVN/RES/61/77 in December 2006 confirmed the recommendations of the group of government experts to broaden the scope of the UN Register of Conventional Arms once again. An important recommendation by the group was that the Register is intended solely for transactions between UN member states. For China, which for years did not report on account of notifications (by the United States) of supplies to Taiwan, this has smoothed the way to participation in the Register. Given that the US has already submitted a revised version of its notification for 2005 to the UN, that is to say without reference to supplies to Taiwan, the Chinese report may be expected in 2007 once more.

Another finding of the group relates to broadening the scope of mandatory reporting in the warships category. The experts group has also developed a standardised report form for voluntary notification of small arms and light weapons transfers. SALW notifications will be simplified with the standard form so that already favourably disposed states will expectedly make increasing use of this option. It remains an ambition of the Netherlands to add to the Register an eighth category, "Small arms and light weapons".

In 2009 the next experts group meeting on the Register is due to take place. In the intervening period, the Netherlands will continue to focus its effort on universal participation in and effectiveness of the UN Register of Conventional Arms. Partly on a Netherlands initiative the EU places emphasis at all relevant forums on the importance of transparency in armaments and participation in the UN Register of Conventional Arms. For example, the SGUN is notified on an annual basis of the European Union's position regarding transparency in armaments, and the data are also exchanged within the Organisation for Security and Co-operation in Europe (OSCE).

In order to further promote participation in the Register, the Netherlands together with United Nations Department for Disarmament Affairs (UN-DDA) continues to organise a

number of (sub-)regional workshops on transparency in armaments. Here the Netherlands receives support from, among others, the United Kingdom, Sweden, the United States, Japan and Germany. The organisation of such workshops was one of the recommendations of the group of government experts which met in 2000.

Following the previous workshops for Southern Africa, West Africa, the Horn of Africa, the ASEAN region and the CARICOM region, in December 2006 a workshop was held in Bangkok, focusing on countries in the South and South East Asia region. In recent years these activities have proven to be successful and have led to increased participation in the Register. The workshops have also been found to be suitable occasions for generating input for the evaluation of the Register in 2009, and for attracting attention to other UN initiatives related to transparency in armaments, such as a global arms trade treaty, transfer controls and brokering.

Appendix 1:

Tables showing the value of licences for the definitive export of military goods issued in 2006 by category of goods and by country of final destination.

Introduction

The total value, rounded-off to two decimal places, of licences issued in 2006 amounted to € 1,124.68 million. That amount is comparable to the figures for 2005 (€ 1,175.33 million) and the total value in 2003 (€ 1,150.80 million), but it clearly lies well above the average for the past ten years. It is noteworthy that this time the relatively high value in 2006 is not largely attributable to disposals of surplus Netherlands defence equipment, but that industry also accounts for a substantial share. Whereas the State still played the predominant role in first-half 2006 with licences for the disposal of F-16 combat aircraft to Chile (almost € 88 million), minesweepers to Latvia (€ 57 million) and MLRS missile launch systems to Finland (almost € 30 million), it is nevertheless industry that stands out very clearly in the statistics for the second half of 2006, notably with a licence for the delivery of new-build corvettes to Indonesia (approx. € 278 million) and a licence to deliver radar systems to a Spanish shipyard for integration in the patrol vessels under construction by that yard for the Venezuelan navy (approx. € 191 million). For the ranking of countries of final destination, this means that in 2006 Indonesia was the largest (€ 278 million), followed by Venezuela (approx. € 196 million), Chile (approx. € 98 million), Germany (approx. € 76 million) and the United States (approx. € 63 million).

Exports of military goods accounted for just over 0.35% of total Netherlands goods exports in 2006 (€ 318.1 billion). For an international comparison of this percentage, it is important to take into consideration a number of specific aspects of Netherlands regulations in the field of military goods exports. In the Netherlands, it is not only exports of military goods manufactured by Dutch industry that are subject to mandatory licensing. As a matter of course that also applies to exports arising from trade transactions conducted from the Netherlands. Perhaps less obvious but still of importance to the Dutch figures is the fact that the Government itself is also required to apply for licences to export military goods. Only the equipment of Netherlands military units accompanying those units on exercises or UN operations abroad is exempted from mandatory export licensing. Disposals of defence equipment by the Dutch armed forces to third countries are therefore included in the figures.

Methodology

The values reported below are based on the value of the licences for definitive export of military goods issued in the period under review. The licence value indicates the maximum export value, although at the time of publication that value need not necessarily correspond with the exports actually realised. Licences for temporary export have been disregarded in the figures, in view of the fact that such licences are subject to mandatory re-import. These cases normally relate to consignments for demonstration or exhibition purposes. On the other hand, licences for trial or sample consignments are included in the figures because no re-import obligation is attached to these exports in view of their nature. Licences for goods returned following repair in the Netherlands are similarly not included in the reported figures. However, in such

cases the goods must have formed part of prior deliveries from the Netherlands, the value of which will therefore have been included in a previous report. Inclusion of such "return following repair" licences would clearly lead to duplication of the figures. For the same reason, the value of licences for which the term of validity has been extended does not appear in the figures. Lastly, the same applies to licences that are replaced in connection, for example, with the recipient's change of address. If an extension or replacement licence with a higher value than the original licence is issued, the added value will of course be reported.

For the purpose of classifying the licence value for individual transactions in the table showing the value by category of military goods, it was in many cases necessary to include co-supplied parts and components and installation costs as part of the value of complete systems. The value of licences for the initial delivery of a system is frequently based on the contract value, which often comprises installation and a number of parts and components. The value of licences for the subsequent delivery of components is included in categories A10 or B10.

In conclusion, to compile the table showing the value of licences issued by category of military goods a choice had to be made as to the classification of sub-systems. It was decided to apply a differentiation based on the criterion of the extent to which a sub-system can be regarded as standalone or multifunctional. This has a bearing in particular on the classification of licences for exports of military electronics. If such a product is suitable solely for a maritime application, for example, the associated sub-systems and their components are classed in category A10, as components for category A6, "Warships". If such a product is not manifestly connected to one of the first seven sub-categories of main category A, it will be classed in sub-category B4 or in sub-category B10.

2006 (first-half)

Table 1: Value of licences issued for the definitive export of military goods in first-half 2006 by category¹

Main category A, "Arms & Munitions"	2006 (1) value € million
1. Tanks	-
2. Armoured vehicles	-
3. Large-calibre weapons (>12.7 mm)	23.63
4. Combat aircraft	87.91
5. Combat helicopters	-
6. Warships	57.00
7. Guided missiles	8.40
8. Small-calibre weapons (≤12.7 mm)	0.16
9. Munitions and explosives	5.65
10. Parts and components for "Arms and Munitions" ²	117.90
Total Cat. A	300.65

Main category B, "Other military goods"	2006 (1) value € million
1. Other military equipment	4.11
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	13.66
5. ABC substances for military use	-
6. Military exercise equipment	2.94
7. Armour-plating and protective products	0.23
8. Military auxiliary and production equipment	0.85
9. Military technology and software	6.43
10. Parts and components for "Other military goods" ³	106.77
Total Cat. B	134.99
Total Cat. A + B	435.64

**Table 2: Value of licences issued for the definitive export
of military goods in first-half 2006
by country of final destination**

2006 (first-half) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Argentina	-	-	0.04	B10	0.04
Australia	0.03	A10	0.10	B9	0.13
Bahrain	-	-	0.22	B10	0.22
Bangladesh	-	-	1.86	B10	1.86
Brunei	-	-	0.01	B4	0.01
Canada	0.40	A10	-	-	0.40
Chile	98.19	A4,A7,A9,A10	-	-	98.19
Cameroon	-	-	0.07	B4	0.07
Denmark	0.31	A9,A10	1.71	B7,B10	2.02
Finland	24.97	A3,A10	4.88	B1,B6,B9,B10	29.85
France	18.92	A8,A9,A10	19.06	B4,B9,B10	37.98
Germany	18.46	A8,A9,A10	26.07	B4,B6,B9,B10	44.53
Greece	0.02	A4,A10	2.47	B10	2.49
India	-	-	0.63	B10	0.63
Ireland	0.03	A8,A10	0.10	B10	0.13
Israel	-	-	0.39	B9,B10	0.39
Italy	2.89	A8,A9,A10	18.34	B10	21.23
Japan	-	-	0.04	B4,B10	0.04
Kuwait	-	-	3.25	B4,B10	3.25

Latvia	57.01	A6,A10	-	-	57.01
Malaysia	-	-	0.38	B10	0.38
Morocco	-	-	0.04	B4	0.04
Neth. Antilles	0.02	A8	-	-	0.02
Norway	1.80	A8,A9	0.09	B10	1.89
Oman	-	-	20.01	B10	20.01
Poland	3.13	A8,A10	-	-	3.13
Qatar	-	-	0.05	B10	0.05
Singapore	-	-	1.65	B10	1.65
Slovakia	-	A10	0.02	B4	0.02
South Korea	-	-	0.30	B4,B10	0.30
Spain	0.32	A8,A9,A10	3.87	B4,B9,B10	4.19
Sudan ⁴	-	-	0.56	B8	0.56
Sweden	1.44	A9,A10	0.12	B7,B10	1.56
Switzerland	0.11	A8,A9,A10	0.02	B10	0.13
Taiwan	0.08	A10	0.49	B10	0.57
Thailand	0.02	A10	7.19	B10	7.21
Tunisia	-	-	0.05	B10	0.05
Turkey	-	A8	0.95	B10	0.95
UAE	1.93	A10	-	B10	1.93
Uganda ⁴	-	-	0.29	B8	0.29
United Kingdom	19.40	A3,A8,A9,A10	2.44	B4,B7,B10	21.84
United States of America	26.40	A9,A10	9.24	B4,B9,B10	35.64

NATO/EU+⁵	24.74	A10	7.99	B4,B10	32.73
Countries accounting for export values below €10,000:⁶					
New Zealand, Austria, Peru, Portugal, Slovenia, Suriname, Brazil	0.03	A8,A9,A10	-	-	0,03
Total	300.65		134.99		435.64

Footnotes to Tables 1 and 2, first-half 2006

¹ Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

² The sub-category A10 (Parts and components for "Arms & Munitions") relates as usual largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems, but in this period it also includes two long-range radar systems for France and the United Kingdom with a combined value of just over € 34 million. These systems were classified as components for warships.

³ The sub-category B10, Parts and components for "Other military goods", in this period again consists of a multitude of small-scale deliveries of parts for military electronic systems and parts for military aircraft and vehicles. Over half of the reported value relates to orders in the context of the joint production of the NH90 helicopter.

⁴ The values stated for the countries of final destination Uganda and Sudan referred to ferry-boats constructed with pontoons and their engines, which because of their original design for military use are still classed as military goods. The ferry-boats were intended for UNHCR, the United Nations refugee organisation, which uses these boats in this region of Africa for the repatriation of refugees.

⁵ The item "NATO/EU+" generally relates to export licences for components in sub-category A10, for the purpose of which a number of NATO or EU countries (currently excluding Turkey, Cyprus, Romania and Bulgaria) in addition to the equated-status countries Australia, Japan, New Zealand and Switzerland are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence. In the first half of 2006, however, the greater part of the value reported for this item was attributable to sub-supplies of components to a Swedish manufacturer of armoured vehicles. Because these components are ultimately destined for armoured vehicles which the Netherlands has purchased from the manufacturer, it has been decided to enter the amount in the item "NATO/EU+". In this case, therefore, the Netherlands is therefore the largest recipient within that item.

⁶ In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

2006 (second-half)

Table 1: Value of licences issued for the definitive export of military goods in second-half 2006 by category¹

Main category A, "Arms & Munitions"	2006 (2) value € million
1. Tanks	-
2. Armoured vehicles	-
3. Large-calibre weapons (>12.7 mm)	-
4. Combat aircraft	-
5. Combat helicopters	-
6. Warships	278.15
7. Guided missiles	-
8. Small-calibre weapons (≤12.7 mm)	0.14
9. Munitions and explosives	4.24
10. Parts and components for "Arms and Munitions" ²	93.61
Total Cat. A	376.14

Main category B, "Other military goods"	2006 (2) value € million
1. Other military equipment	-
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	254.9
5. ABC substances for military use	0.03
6. Military exercise equipment	-
7. Armour-plating and protective products	0.06
8. Military auxiliary and production equipment	0.09
9. Military technology and software	4.28
10. Parts and components for "Other military goods" ³	53.95
Total Cat. B	312.90
Total Cat A + B	689,04

**Table 2: Value of licences issued for the definitive export
of military goods in second-half 2006
by country of final destination**

2006 (second-half) € million					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Afghanistan	-	-	0.05	B7	0.05
Argentina	0.02	A10	0.01	B10	0.03
Australia	0.03	A10	-	-	0.03
Austria	0.06	A8, A10	-	-	0.06
Canada	31.22	A10	0.08	B10	31.30
Chile	-	-	0.27	B10	0.27
Czech Republic	0.03	A10	-	-	0.03
Denmark	2.25	A10	0.03	B5, B10	2.28
Egypt	-	-	0.29	B10	0.29
Finland	0.03	A10	0.37	B10	0.40
France	4.06	A8, A10	8.48	B4, B9, B10	12.54
Germany	4.41	A8, A9, A10	27.18	B4, B9, B10	31.59
Greece	0.20	A10	1.42	B4, B9, B10	1.62
India	0.02	A10	4.65	B10	4.67
Indonesia	278.15	A6	0.04	B9, B10	278.19
Italy	3.03	A8, A9, A10	16.43	B4	19.46
Japan	3.78	A9, A10	-	-	3.78
Latvia	0.03	A10	-	-	0.03
Macedonia	-	-	0.92	B4	0.92

Malaysia	-	-	1,73	B4, B9	1.73
Norway	0.05	A8, A9	0,15	B4, B10	0.20
Pakistan	0.27	A10	5,57	B4	5.84
Poland	0.03	A10	0,25	B4, B10	0.28
Romania	-	-	0,01	B9	0.01
Saudi Arabia	0.01	A10	-	-	0.01
Singapore	0.06	A10	-	-	0.06
South Africa	-	-	0,01	B9	0.01
South Korea	3.28	A10	0,30	B10	3.58
Spain	0.40	A8, A9, A10	0,60	B9, B10	1.00
Sweden	0.97	A8, A9, A10	0,35	B4, B10	1.32
Switzerland	-	-	0,45	B10	0.45
Taiwan	7.89	A10	1,13	B10	9.02
Tanzania	-	-	0,09	B8	0.09
Thailand	0.07	A10	0,08	B10	0.15
Turkey	0.22	A10	42,53	B4, B9, B10	42.75
Venezuela	-	-	196,42	B4, B10	196.42
United Kingdom	0.14	A8, A10	1,51	B10	1.65
United States of America	26.72	A8, A9, A10	1,18	B4, B9, B10	27.90
NATO/EU+ ³	8.70	A10	0,32	B4, B10	9.02
Countries accounting for export values below €10,000: ⁴					
Aruba, Georgia, Hungary, Lithuania, New Zealand, Oman, Peru, Portugal.	0.01	A8, A10	-	-	0.01

Total	376.14		312.90		689.04
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Footnotes to Tables 1 and 2, second-half 2006

1 Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

2 The sub-category A10 (Parts and components for "Arms & Munitions") relates as usual largely to deliveries of combat aircraft and combat helicopter components to the manufacturers of such systems in the United States and deliveries of components for tanks and other military combat vehicles to the German manufacturer of such systems, but in this period it also includes passive infrared sensors for the Canadian Navy's air defence task, with an export value of just over € 31 million. These systems were classified as components for warships.

The sub-category B10, Parts and components for "Other military goods", in this period again consists of a multitude of small-scale deliveries of parts for military electronic systems and parts for military aircraft and vehicles.

3 The item "NATO/EU+" relates to export licences for components in sub-category A10, for the purpose of which a number of NATO or EU countries (currently excluding Turkey, Cyprus, Romania and Bulgaria) in addition to the equated-status countries Australia, Japan, New Zealand and Switzerland are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence. However, in the absence of the Netherlands on the list as an independent country of final destination, it is also possible that licences for the sub-supply of components for systems that are subsequently supplied to the Netherlands forces may have been reported under this item.

4 In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

2006 (total)

Table 1: Value of licences issued for the definitive export of military goods in 2006 by category¹

Main category A, "Arms & Munitions"	2006 (1) value € million
1. Tanks	-
2. Armoured vehicles	-
3. Large-calibre weapons (>12.7 mm)	23.63
4. Combat aircraft	87.91
5. Combat helicopters	-
6. Warships	335.15
7. Guided missiles	8.40
8. Small-calibre weapons (≤12.7 mm)	0.30
9. Munitions and explosives	9.89
10. Parts and components for "Arms and Munitions" ²	211.51
Total Cat. A	676.51

Main category B, "Other military goods"	2006 (1) value € million
1. Other military equipment	4.11
2. Other military aircraft and helicopters	-
3. Other military vessels	-
4. Military electronics	268.15
5. ABC substances for military use	0.03
6. Military exercise equipment	2.94
7. Armour-plating and protective products	0.29
8. Military auxiliary and production equipment	0.94
9. Military technology and software	10.71
10. Parts and components for "Other military goods" ³	160.72
Total Cat. B	447.89
Total Cat A + B	1,124.68

**Table 2: Value of licences issued for the definitive export
of military goods 2006 (total)
by country of final destination**

2006 (total) <i>value in € million</i>					
Country of final destination	Cat. A	Specification	Cat. B	Specification	TOTAL
Afghanistan	-	-	0.05	B7	0.05
Argentina	0.02	A10	0.05	B10	0.07
Australia	0.06	A10	0.10	B9	0.16
Austria	0.06	A8, A10	-	-	0.06
Bahrain	-	-	0.22	B10	0.22
Bangladesh	-	-	1.86	B10	1.86
Brunei	-	-	0.01	B4	0.01
Cameroon	-	-	0.07	B4	0.07
Canada	31.62	A10	0.08	B10	31.70
Chile	98.19	A4, A7, A9, A10	0.27	B10	98.46
Czech Republic	0.03	A10	-	-	0.03
Denmark	2.56	A9, A10	1.74	B5, B7, B10	4.30
Egypt	-	-	0.29	B10	0.29
Finland	25.00	A3, A10	5.25	B1, B6, B9, B10	30.25
France	22.98	A8, A9, A10	27.54	B4, B9, B10	50.52
Germany	22.87	A8, A9, A10	53.25	B4, B6, B9, B10	76.12
Greece	0.22	A4, A10	3.89	B4, B9, B10	4.11
India	0.02	A10	5.28	B10	5.30

Indonesia	278.15	A6	0.04	B9, B10	278.19
Ireland	0.03	A8, A10	0.10	B10	0.13
Israel	-	-	0.39	B9, B10	0.39
Italy	5.92	A8, A9, A10	34.77	B4, B10	40.69
Japan	3.78	A9, A10	0.04	B4, B10	3.82
Kuwait	-	-	3.25	B4, B10	3.25
Latvia	57.04	A6, A10	-	-	57.04
Macedonia	-	-	0.92	B4	0.92
Malaysia	-	-	2.11	B4, B9, B10	2.11
Morocco	-	-	0.04	B4	0.04
Neth. Antilles	0.02	A8	-	-	0.02
Norway	1.85	A8, A9	0.24	B4, B10	2.09
Oman	-	-	20.01	B10	20.01
Pakistan	0.27	A10	5.57	B4	5.84
Poland	3.16	A8, A10	0.25	B4, B10	3.41
Qatar	-	-	0.05	B10	0.05
Romania	-	-	0.01	B9	0.01
Saudi Arabia	0.01	A10	-	-	0.01
Singapore	0.06	A10	1.65	B10	1.71
Slovakia	-	-	0.02	B4	0.02
South Africa	-	-	0.01	B9	0.01
South Korea	3.28	A10	0.60	B4, B10	3.88

Spain	0.72	A8, A9, A10	4.47	B4, B9, B10	5.19
Sudan ³	-	-	0.56	B8	0.56
Sweden	2.41	A8, A9, A10	0.47	B4, B7, B10	2.88
Switzerland	0.11	A8, A9, A10	0.47	B10	0.58
Taiwan	7.97	A10	1.62	B10	9.59
Tanzania	-	-	0.09	B8	0.09
Thailand	0.09	A10	7.27	B10	7.36
Tunisia	-	-	0.05	B10	0.05
Turkey	0.22	A10	43.48	B4, B9, B10	43.70
Uganda ³	-	-	0.29	B8	0.29
Venezuela	-	-	196.42	B4, B10	196.42
United Arab Emirates	1.93	A10	-	-	1.93
United Kingdom	19.54	A3, A8, A9, A10	3.95	B4, B7, B10	23.49
United States of America	53.12	A8, A9, A10	10.42	B4, B9, B10	63.54
NATO/EU+ ⁴	33.44	A10	8.31	B4, B10	41.75
Countries accounting for export values below €10,000: ⁵					
Aruba, Brazil, Georgia, Hungary, Lithuania, New Zealand, Peru, Portugal, Suriname	0.04	A8, A9, A10	-	-	0.04
Total	676.79		447.89		1,124.68

Footnotes to Tables 1 and 2, 2006 (total)

¹ Rounding-off to two decimal places means both in Table 1 and Table 2 that sub-categories where the value remains below € 10,000 are not reported separately.

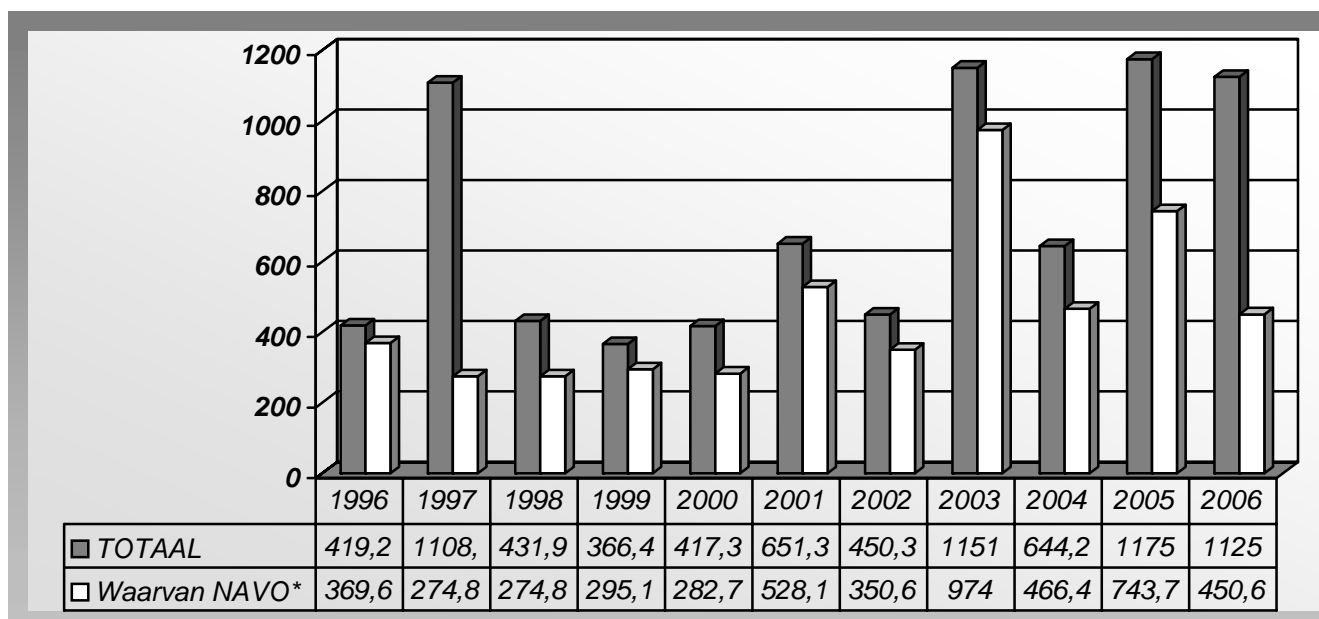
² For explanatory notes on the main deliveries which came into categories A10 and B10 in the year under review, reference is made to the footnotes to the tables for first-half 2006 and second-half 2006 respectively.

³ The values stated for the countries of final destination Uganda and Sudan referred to ferry-boats constructed with pontoons and their engines, which because of their original design for military use are still classed as military goods. The ferry-boats were intended for UNHCR, the United Nations refugee organisation, which uses these boats in this region of Africa for the repatriation of refugees.

⁴ The item "NATO/EU+" relates to export licences for components in sub-category A10, for the purpose of which a number of NATO or EU countries (currently excluding Turkey, Cyprus, Romania and Bulgaria) in addition to the equated-status countries Australia, Japan, New Zealand and Switzerland are licensed final destinations. In practice, this type of licence is used for the sub-supply of components to manufacturers wishing to have the capability to make supplies out of stock to the NATO customers listed as end-users on the licence. However, in the absence of the Netherlands on the list as an independent country of final destination, it is also possible that licences for the sub-supply of components for systems that are subsequently supplied to the Netherlands forces may have been reported under this item.

⁵ In the Netherlands, an export licence is also required for the export of pistols or rifles for sporting or hunting purposes. If such firearms are to remain abroad for an extended period, even though they accompany the owner, a licence for definitive export must be applied for. A proportion of the exports to the countries of final destination shown in the table as accounting for total export licence values not exceeding € 10,000, relates to export transactions of this nature.

Appendix 2: Trend in Netherlands arms export 1996 – 2006
 (value of licences issued, in € million)



* in 2006 the following 26 countries were members of NATO:
 Belgium, Bulgaria, Canada, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Turkey, the United Kingdom and the United States of America

**Appendix 3: Value of licences issued for the transit
of military goods
in 2006 ¹**
by country of final destination

2006 <i>value in € million</i>					
Country of final destination	Cat. A	Specification	Cat. B	Specification	Total
Andorra	0.05	A10			0.05
Germany	0.90	A10			0.90
Iceland	0.10	A10			0.10
Kazakhstan	0.05	A10			0.05
Qatar	0.10	A10			0.10
Romania	0.05	A10			0.05
South Africa	0.07	A10			0.07
Russia	0.30	A10			0.30
Turkey	0.03	A10			0.03
United Kingdom	0.03	A10			0.03
United States of America	0.40	A10			0.40
TOTAL	2.08		-		2.08

¹ As usual in many cases where issued transit licences are concerned, these relate to the distribution via the Netherlands of a United States brand of telescopic sights from production locations in various countries. For distribution to countries of final destination outside the EU, such sights remain stored in the Netherlands for an extended period but in technical customs terms no import takes place. The telescopic sights destined for other EU member states are effectively imported on entry into the Netherlands. This means that, for purposes of the arms export policy, their transfer to other member states no longer represents transit but export. The value of the export licences issued for that purpose is therefore included in the tables relating to the export of military goods and not in this table of transit licences. The reason why the transit table nevertheless includes countries of final destination such as Germany and the United Kingdom is that the applications were filed as transit and were therefore treated as such. Retrospectively, it is unclear why the exemption facility open to allies for transit purposes was not requested, but the explanation may be that the goods in question – in each case rubber tyres for combat aircraft – had already been formally imported before being shipped onwards to their final destination following lengthy storage in the Netherlands. In that case the applications would have had to be filed and treated as exports. Because the precise customs status of the goods was no longer traceable, it was decided to report these licences in this transit table anyway.

**Appendix 4: Denials on licence applications and sondages in 2006,
notified in conformity with the EU Code of Conduct**

Date	Number	Country of final destination	Brief description	Recipient	End-user	Reason for denial
02-02-2006	NL 01/2006	Thailand	M113 armoured vehicle parts	Ministry of Defence	Ministry of Defence	Criteria 2 and 3
03-02-2006	NL 02/2006	Thailand	M113 armoured vehicle tracks	Ministry of Defence	Army	Criteria 2 and 3
03-02-2006	NL 03/2006	Israel	Satellite communication network parts	Ministry of Defence	Air force	Criteria 2, 3 and 4
24-02-2006	NL 04/2006	India	Telescopic sight lenses	Ministry of Defence	Ministry of Defence	Criteria 2, 3 and 4
13-03-2006	NL 05/2006	Burma	2 nd generation image intensifier tubes	Ministry of Defence	Army	Criteria 1, 2 and 3
01-08-2006	NL 06/2006	India	Telescopic sight lenses	Ministry of Defence	Ministry of Defence	Criteria 2, 3 and 4
01-08-2006	NL 07/2006	Taiwan	Sonar system upgrade	Ministry of Defence	Navy	Criteria 1 and 3
01-08-2006	NL 08/2006	China	Thermal camera	Known-CN High-Tech Industrial Co.	Police	Criteria 1, 4, 5 and 7
01-08-2006	NL 09/2006	China	Thermal camera	Known-CN High-Tech Industrial Co.	Known-CN High-Tech Industrial Co.	Criteria 1, 4, 5 and 7
01-08-2006	NL 10/2006	Hong Kong	Thermal camera	Tung Po Technology Enterprise, China	Civil Aviation Department Hong Kong	Criteria 1, 4, 5 and 7
01-08-2006	NL 11/2006	Uganda	Tear gas grenades, transit	Police	Police	Criterion 2
01-08-2006	NL 12/2006	Suriname	Pistols	Shooting club "de Scherpschutter"	Id.	Criterion 7
01-08-2006	NL 13/2006	Suriname	Pistol accessories	Shooting club "de Scherpschutter"	Id.	Criterion 7
22-06-2007	NL 14/2006	Israel	Thermal camera	Ministry of Defence	Army	Criteria 2, 3 and 4
22-06-2007	NL 15/2006	Indonesia	2 nd generation image intensifier tubes	Matra Perdana Mandiri	Ministry of Defence	Criteria 2 and 3
22-06-2007	NL 16/2006	Indonesia	2 nd generation image intensifier tube	Matra Perdana Mandiri	Army	Criteria 2 and 3
22-06-2007	NL 17/2006	Israel	Autonomously navigable parafoils	Ministry of Defence	Ministry of Defence	Criteria 2, 3 and 4
22-06-2007	NL 18/2006	Tanzania	Semi-automatic pistol	Private person	Private person	Criterion 7
22-06-2007	NL 19/2006	Taiwan	M48 tank components	Redstone Technology	Redstone Technology	Criterion 1
22-06-2007	NL 20/2006	Indonesia	2 nd generation image intensifier tube	Matra Perdana Mandiri	Matra Perdana Mandiri	Criteria 2, 3 and 7

Footnote to Appendix 4:

¹ In all cases where the description reads "2nd generation image intensifier tube(s)" the reference is to dual use goods, item 6A002a2a, in the Dual Use Regulation. Where such goods were intended for army, police or security services of the envisaged country of final destination, licence application and sondage denials are also notified by the Netherlands within the EU as well. In addition to the above-mentioned sondage denials and licence application denials for dual-use goods intended for army, police or security services the Netherlands also notifies transit licence application denials. To the extent that other member states operate generic licensing for transit consignments they will also be obliged to seek consultations if they receive such a transit application. In this way, extending the scope of Netherlands notifications contributes to further harmonisation of intra-EU arms export policy.

Appendix 5: Table showing Government disposals of surplus defence equipment in 2006 ¹

Type of equipment	To/via ²	Country of final destination	End user
MLRS system with accessories	n.a.	Finland	Finnish Ministry of Defence
Filter unit (Leopard 2 tank)	Kraus Maffei Wegman	Germany	Sell-back to original manufacturer
Dosimeter	Thermo Electron	Germany	Sell-back to original manufacturer
Night sight modkit and video training equipment (TOW)	n.a.	NATO countries	NATO Maintenance and Supply Agency (NAMSA)
Test equipment (TOW)	n.a.	NATO countries	NATO Maintenance and Supply Agency (NAMSA)
Traversing unit (TOW)	n.a.	NATO countries	NATO Maintenance and Supply Agency (NAMSA)
Mission support center P-3C Orion MPA	n.a.	Germany	German Ministry of Defence
Tractor-trailer combination (Kögel)	n.a.	Chile	Chilean Ministry of Defence
M-class frigate	n.a.	Portugal	Portuguese Ministry of Defence
PGU set ³	Ministry of Agriculture (donation)	Senegal	Rangers, Wetlands International Nature Park
Encryption equipment	n.a.	Latvia	Latvian Ministry of Defence
Total value of the contracts			Approx. €270 million

Footnotes to Appendix 5:

1 The amount reported is based on the value of the contracts as signed in 2006. Not all deliveries of the goods actually took place in 2006.

2 Sale of surplus defence equipment occasionally takes place via a private firm on behalf of an end user already known and agreed at the time of sale, or to a private firm for own use.

3 This relates to a donation by the Ministry of Agriculture, Nature Management & Fisheries to the rangers of Wetlands International Nature Park. The national insignia were removed from the uniforms prior to delivery.