

## Country Report

### the Netherlands

May-December 2001

#### ENAAAT meeting 8 December 2001, Brussels

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#### Annual report on arms exports

Mid-summer the annual report appeared (still not, as originally promised, in May). Not many new shocking details. Worth mentioning:

- ◆ The only change with regard to transparency is that, compared to last year, the government has started telling broadly how sales are split up: for every country it is mentioned for which categories of weapons (twenty categories in total) licences have been issued. A small improvement to the old situation where only a difference was made between "Weapons and Ammunition" and "Other Military Goods". A small improvement because still roughly 80% of all sales fall within only 2 categories: "Parts and components for weapons and ammunition" and "Parts and components for other military goods". Moreover: 10 categories are listed but count zero licences. Conclusion: from the annual report we still know very little about the kind of exports supplied to certain countries.
- ◆ Total arms exports went up by more than 13% to 918 million Dutch guilders (417 million euro).
- ◆ South Korea is largest non-NATO client; buys (mainly naval) equipment worth 146.9 million guilders (66.7 million euro).
- ◆ Bangladesh always used to be a major development aid recipient, but 'pays back' now with a big order for hi-tech naval electronics from Thales Nederland (formerly Signaal) for their new Korean-built frigate. Dutch arms business earns more than 43 million guilders (almost 20 million euro).
- ◆ Turkey, Taiwan and Japan all buy more than 10 million guilders military equipment. Japan is a rather new recipient of Dutch arms.
- ◆ Resumed arms exports to Indonesia after the ending of the EU arms embargo in January 2000 are clearly visible: a lot of old orders in store, as well as spare parts for arms sold earlier could finally be delivered last year.
- ◆ 15 denial notifications were issued over the year 2000: Turkey (6), Philippines (2), Egypt, Angola, Iran, Botswana, Bahrain, Kuwait and Oman (all 1).

Wednesday 12 December, the annual report will be on the agenda at the yearly meeting on arms export policy of the parliamentary committees for Foreign Affairs and Economic Affairs.

#### Submarines

RDM Submarines of Rotterdam has been mentioned in three competitions for submarines over the last year. Though that might look impressive, the big money still seems far away, as no order has yet been placed. Egypt is a possible customer for some years now. The idea is that the deal is being paid with US military aid, for which reason it is required that a US wharf (Northrop's Ingalls) will build the subs, using RDM blueprints and design. Though a Letter of Intent has already been signed not much progress is being made on the order. Already three years back, the Dutch government made it clear that they would not have any difficulties with the sale of these offensive weapons to the Middle East. The same is true in the Malaysian case, where the government does not see any regional arms build-up (Singapore bought their first submarines a few years ago, accelerating Malaysia's plans to buy some), nor a destabilising effect (claims of several Southeast Asian countries on the Spratly Islands,

oil/gas rich South Chinese Sea). Though formally still in the race RDM looks like having lost the Malaysian subs deal by now, with the French on the winning. The shipping of two old Dutch Navy submarines to Malaysia early this year for refurbishment and trials obviously has not helped to impress the Malaysians.

Taiwan is the third country in what could become the most controversial dealing. As soon as it became clear that the Americans had promised Taiwan submarines in April this year, rumours went that most likely then Dutch or German builders had to be involved for the American haven't build diesel submarines for many decades. Publicly stating that under no circumstances any permission for such efforts would be given, the Dutch government made it clear that they did not want any reprisal of the diplomatic trouble they created with China selling subs to Taiwan in the eighties. However persistent media reports show that somehow the RDM may become involved in new subs selling to Taiwan. With reference to the US-Dutch cooperation on the Egyptian deal, Jane's Defence Weekly (21 November 2001) quoted a US official that "these programmes will marry themselves". Another source suggested that the US could get the blueprints from a friendly country that has bought RDM submarines and provide them to the USN[avy], "no questions asked"...  
To be continued.

### **F-16 successor**

At the end of this month a successor for the F-16 (to be introduced somewhere around 2015) may be proposed. Most likely contender is Lockheed Martin's Joint Strike Fighter, with Dassault's Rafale and the EADS Eurofighter formally also in the running. Dutch industry has already received around 220 million guilders (100 million euro) subsidies for development of components that could be used for the JSF. Though the subsidies are formally said to be of no influence on the final choice, it was clear from the beginning that the money would be completely wasted when the JSF would not be chosen. At stake for the industry are not only the home and US market, but also further third country sales. As we've learned from the F-16 history: they were sold by the US to a lot of countries that normally would never get such weapons when Dutch export policy was involved. When Israeli F-16s bombed Lebanon in 1981 there was much pressure from the opposition to stop producing Dutch components for Israeli F-16s. The government made it clear however that that would mean the end of Dutch participation in international offset agreements. Later on, F-16s were also sold to e.g. Pakistan, Turkey and Indonesia, despite resp. their nuclear task and the habitual bombing of Kurdish and East-Timorese people.  
With the F-16 history in mind, it's more than likely that we will once again give away our arms export responsibilities to the US.

### **Transit arms trade**

In late spring Martin wrote a report for Novib (the Dutch branch of Oxfam) on transit shipments of arms through the Netherlands (air, land, sea), which was presented at a seminar with ngo's and government officials. The booklet creates further possibilities for cooperation with Novib, which we consider potentially fruitful.

Granted arms export licences, the Netherlands, 1997-2000  
(figures in million Dutch guilders; 1 euro= 2.20371)

Country	1997	1998	1999	2000	Totaal
UAE	812,9	16,0	0,5	1,8	831,2
USA	225,7	181,7	119,3	208,8	735,5
Germany	163,4	124,6	178,2	181,8	648,0
Austria	447,8	4,5	2,7	3,9	458,9
Turkey	176,0	134,8	38,4	10,1	359,3
Korea (South)	173,3	9,4	6,3	146,9	335,9
UK	30,2	37,9	74,2	75,8	218,1
Greece	91,9	10,7	18,4	27,3	148,3
Chile	0,2	124,0	3,7	0,4	128,3
Indonesia	7,6	9,6	81,5	6,1	104,8
Switzerland	24,0	23,9	11	28,1	87,0
France	29,2	28,0	11,3	15,1	83,6
Denmark	17,6	33,1	25,9	2,6	79,2
Israel	1,3	74,3	0,6	0,3	76,5
Canada	25,2	5,2	37,5	6,9	74,8
Taiwan	11,3	23,2	18,8	12,5	97,2
Venezuela	43,5	2,0	3,1		48,6
Bangladesh	0,1			43,5	43,6
India	41,1	1,8			42,9
Sweden	8,8	9,3	2,7	7,3	28,1
Norway	13,6	4,8	2,3	2,6	23,3
Italy	3,3	3,2	11,1	4,9	22,5
Portugal		1,1	2,6	14,4	18,1
Japan	2,6	1,4		11,3	15,3
China	3,2	5,3	4,4	2,2	15,1
Malaysia	6,7	2,8	1,1	1,5	12,1
Singapore	5,4	2,0	1,9	2,5	11,8
Qatar	6,5	3,5	0,6	0,9	11,5
Poland	5,3	2,1	2,3	1,7	11,4
Brazil	4,1	0,3	2,8	3,8	11,0
Spain	2,2	1,3	5,8	1,6	10,9
Ireland		2,0	5,9	1,3	9,2
Thailand	0,6	5,9	1,4	1,0	8,9
Colombia		7,1			7,1
Australia	0,3	0,5	0,8	3,8	5,4
Bahrain	3,4		0,1	1,9	5,4
Oman		5,2		0,1	5,3
Egypt		0,5	1,8	2,7	5,0
Saudi-Arabia		4,8			4,8
Brunei			1,8	3,0	4,8
Finland	2,4	0,5	0,7	0,8	4,4
Marocco	0,7		0,7	2,2	3,6
Peru	2,6	0,7		0,2	3,5
Jordania				2,6	2,6
Argentina	0,1		1,4	0,7	2,2
Pakistan	1,6	0,0			1,6
Algeria	1,8				1,8
Kuwait	0,1			1,5	1,6
South-Africa	0,3	0,6	0,5		1,4
Lebanon	0,4	0,2	0,3	0,3	1,2
FYROM		0,6	0,2		0,8
Romania		0,7			0,7
Filippines		0,3	0,2		0,5
Slovenia	0,3	0,1			0,4
Russian Fed.				0,4	0,4
New Zealand		0,3			0,3
Estonia		0,3			0,3
Georgia				0,3	0,3
Panama				0,1	0,1
Other countries	4,1	0,5	0,7	0,3	5,6
NATO unspecified	34,9	39,1	121,8	68,2	264,0
<b>TOTAL</b>	<b>2437,6</b>	<b>951,7</b>	<b>807,3</b>	<b>918,0</b>	

