



An independent audit of the UK Government Reports on Strategic Export Controls for 2003 and the first half of 2004

Roy Isbister and **Elizabeth Kirkham**

Saferworld



An independent audit of
the UK Government Reports
on Strategic Export Controls
for 2003 and the first half of 2004

Roy Isbister and **Elizabeth Kirkham**, Saferworld

Acknowledgements

This audit was produced as part of Saferworld's EU and Arms Exports programme. Section 1 was written by Roy Isbister; section 2 was written by Elizabeth Kirkham; section 3 was written by Joseph Miller and Archana Patel.

Roy Isbister and **Elizabeth Kirkham**, *Editors, Saferworld, January 2005*

Contents

Glossary	4
Acronyms	5
Executive summary	7
Introduction	13
Section 1 Developments in arms exports controls	15
Section 2 Developments in transparency	25
Section 3 The Audit – Export Licences of concern	34
Criterion 1 China	38
Iran	39
Criterion 2 Nepal	41
Saudi Arabia	43
Turkey	44
Criterion 3 Colombia	47
Indonesia	49
Morocco	51
Criterion 4 China and Taiwan	53
India and Pakistan	56
Middle East	60
Criterion 6 Israel	70
Philippines	72
Russia	73
Criterion 7 Indonesia	75
Iraq	77
Israel	79
Pakistan	81
Criterion 8 India	83
Nigeria	85
Pakistan	86
South Africa	88
Annex Methodology – Identifying sensitive destinations and exports of concern	91

Glossary

Types of Export Licences

Standard Individual Export Licence (SIEL)

This is the most common licence and permits shipments to a single consignee up to the quantity specified by the licence. It is normally valid for two years, and applicants are required to submit an End-User Undertaking (EUU) unless the consignee is a government body.

Standard Individual Export Licence – Incorporation

These licences are for the export of goods that are to be incorporated into products destined for onward export. The same rules apply regarding the number of consignees, the quantity of goods, the validity of a licence and the submission of an End-User Undertaking, as apply to a regular Standard Individual Export Licence.

Open Individual Export Licence (OIEL)

This licence is specific to an individual exporter and covers the regular shipment of certain (non-sensitive) goods to a range of specified (usually non-sensitive) destinations. It is normally valid for either two years (military goods) or three years (dual-use goods). The exporter is required to demonstrate that the company has effective internal compliance procedures, and so end-use details are not normally required.

Open General Export Licences (OGELs)

These licences remove the need for an exporter to apply for an individual licence, and no specific application to the Department for Trade and Industry (DTI) is necessary, although Customs and Excise must be notified when the goods are shipped that they are covered by a specific OGEL. There are 28 different OGELs currently in force for strategic exports, covering such items as military components, the export of military goods after exhibition or repair, military surplus vehicles, dual-use goods, technology for dual-use goods, low value shipments, and the export of Wassenaar-controlled goods (certain OGELs require registration before or within 30 days of their use).

Transshipment Licences

These licences are used when controlled products enter the UK solely for transit to another country. In the Annual Report, information is given on Standard Individual Transshipment Licences (SITLs).

Standard Individual Trade Control Licences (SITCLs)

This licence is specific to a named trader and allows for the trading of a set amount of specific goods between a specific source and destination country with a specified consignor, consignee and end-user. These licences are usually valid for two years.

Open Individual Trade Control Licences (OITCLs)

This licence is specific to a named trader and covers the involvement in trading of specific goods between a specific source and destination countries and/or specified consignors, consignees and end-users. These licences are usually valid for two years.

Acronyms

ACD	Armed Conflict Database (International Institute of Strategic Studies)
ATT	Arms Trade Treaty
COARM	EU Council Working Group on Arms Exports
CPN	Communist Party of Nepal (Maoist)
DfiD	Department for International Development
DTI	Department for Trade and Industry
EC	European Community
ECGD	Export Credit Guarantee Department
ECO	Export Control Organisation (of the DTI)
ELA	Export License Application
EU	European Union
EU Code	EU Code of Conduct on Arms Exports
FA	'Framework Agreement Concerning Measures to Facilitate the Restructuring and Operation of the European Defence Industry', agreed by France, Germany, Italy, Spain, Sweden and the UK.
FARC	Marxist Revolutionary Armed Forces of Colombia
FCO	Foreign and Commonwealth Office
F680	The Form 680 process is an informal Ministry of Defence-led process under which companies can obtain advice on the prospects for approval of exports at the marketing stage, and under which the Government can assess the likely impact of a transfer of defence equipment where there is no obligation to base an assessment on the Consolidated Criteria.
GAM	Free Aceh Movement of Indonesia
GDP	Gross Domestic Product
GPL	Global Project Licences: licences to be issued under the Framework Agreement to cover transfers of controlled goods between participating states.
HDI	Human Development Index
HMC&E	Her Majesty's Custom and Excise
HMG	Her Majesty's Government
IISS	International Institute of Strategic Studies
LPO	Licensed production overseas
MoD	Ministry of Defence
NGO	Non-governmental organisation
PPP US\$	Purchasing power parity. At the PPP rate, PPP US\$1 has the same purchasing power in the domestic economy as \$1 has in the United States. PPP rates thus allow a standard comparison of real price levels between countries.
PSC	Private security company
QSC	Quadripartite Select Committee: Committee constituted of members of the Defence, Foreign Affairs, International Development and Trade and Industry Select Committees, which meets to consider issues relating to UK strategic exports and controls.
RAF	Royal Air Force
SALW	Small arms and light weapons
SDPP	Strategic Defence Procurement Package purchased by South Africa
SIPRI	Stockholm International Peace Research Institute
STOL	Short Take-off and Landing Aircraft
TCI	Transfer Controls Initiative
UNDP	United Nations Development Programme