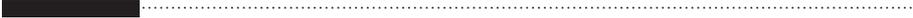




An independent audit of the UK Government Reports on Strategic Export Controls for 2003 and the first half of 2004

Roy Isbister and **Elizabeth Kirkham**

Saferworld



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

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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

Executive summary

Introduction

THIS REPORT IS an audit of the UK Government Reports on Strategic Export Controls for 2003 and the first half of 2004. Its aim is to assess:

- whether during 2003 and the first half of 2004 the UK Government was following its own criteria for exports;
- whether the Reports provide enough information and in such a format as to enable a judgement to be made as to whether the Government was following its own criteria for exports (and recommend improvements where appropriate); and
- where, in light of the operation of the Government's criteria during the period covered by the Audit, changes in the interpretation and implementation of the criteria should be made.

Specific destinations, regions and exports are examined in order that a shared understanding and common practice can be achieved around a restrictive interpretation of the Consolidated EU and National Arms Export Licensing Criteria (Consolidated Criteria).

Section 1: Developments in arms exports controls

United Kingdom

This section examines recent and proposed key developments in arms export controls within the UK, within the EU, and then in terms of work by the UK Government to promote more effective export controls at the international level.

UK legislation

The Export Control Act (2002) took effect on 1 May 2004. While the Act represents a major advance over the existing legislation, there are several areas in which the Act and the contingent control Orders disappoint. For example, despite increased parliamentary oversight, there are still areas where the executive has excessive discretion, and new controls brought in to regulate arms brokering and licensed production overseas are less than comprehensive.

UK reporting on strategic export controls

Following calls from the Quadripartite Select Committee (QSC)¹ that the Government should allow for improved retrospective scrutiny by “publishing more timely licensing

¹ The QSC is comprised of representatives from the Defence, Foreign Affairs, International Development and Trade & Industry Select Committees. It was established in 1999 to scrutinise UK Government policy on arms exports.

information than is currently the case”, the Government has this year begun to provide quarterly reports online, so far within four months of the end of the quarter being reported upon. While this represents a significant improvement over previous practice, Saferworld agrees with the QSC that this should not be regarded as a substitute for a system of prior scrutiny.

Defence Industrial Policy and arms exports

In 2003, two deals involving the sale of Hawk military aircraft raised concerns that domestic procurement and the perceived economic benefits of defence production are undermining export controls, and that the desire for a strong domestic defence manufacturing base could result in bad procurement decisions. In July 2003 the UK Government agreed to buy up to 44 Hawks for the RAF from BAE Systems, while in September 2003 BAE secured the sale of 66 Hawks to India. The Defence Secretary, Geoff Hoon, drew direct links between the deals: there are concerns that export prospects influenced the domestic procurement decision, and that the perceived economic benefits of the Indian sale may have trumped concerns about the potential impact of the sale on regional stability.

UK defence manufacturers and corruption

The UK has undertaken a series of measures to weed out corrupt practices in the defence industry. However, recent improvements on the conditionality of financial insurance from the Export Credit Guarantee Department have been watered down, in part on the basis that companies cannot be expected to take any responsibility for the activities of affiliates over whom they do not have effective control. In the current environment, in which unrelated criminal investigations are being carried out with respect to possible corrupt practice by two UK defence companies, BAE Systems and Alvis plc, this weakening of controls simply encourages companies to hide any corrupt practices within the activities of their affiliates. It should therefore be reversed.

Staffing levels at the Export Control Organisation (ECO) and Her Majesty's Customs & Excise (HMC&E)

Despite an estimated 23 percent increase in the number of standard licence applications per annum due to new controls on brokered and intangible transfers, plans have been announced to cut staffing levels at the ECO, the DTI unit responsible for administering the export licensing process, by 25 percent by June 2005, with the prospects of more job losses by June 2006. Staffing levels at HMC&E are also likely to be cut, potentially by around 14 percent, at a time when, according to official estimates, the additional cost to HMC&E to enforce the new export and trade controls will be approximately £200,000 to £300,000 per annum. It is not clear exactly where these job reductions will be made, however combined with the staffing decisions at ECO, Saferworld is concerned that not enough resources are being devoted to implementing the new export control regime.

European Union

EU expansion and outreach

While a number of measures were taken by the old member states to assist the accession of 10 new members on 1 May 2004, these efforts were largely *ad hoc* and uncoordinated, and officials from the new members themselves have suggested that the level of support from the ‘old 15’ was disappointing. There are promising signs with regard to the next wave of accession that some of the lessons of the past may have been learnt, with member states endeavouring to identify priorities among the next wave of acceding countries and to coordinate assistance. It is crucial, however, that the level of

support and engagement is of sufficient depth to make a real difference to the export control culture and practice in the target countries.

The Review of the EU Code

The EU Code is currently under review for the first time since it was agreed in 1998. As of December 2004, the review is yet to be completed; officials are confident that the process will be complete in early 2005. Indications at this stage are that the review has been predominantly a tidying up exercise, and apart from a welcome strengthening of the language on international humanitarian law there has been disappointingly little substantive change to the Code criteria.

Elaboration of criterion 8

EU member states are currently engaged in elaborating guidelines for the implementation of criterion 8 (frequently referred to as the 'sustainable development' criterion), on the basis that this is among the least understood of the criteria and therefore in most need of attention. Saferworld understands that the system being developed will provide for a relatively sophisticated understanding of sustainable development concerns. This is extremely welcome, as it should contribute significantly to the capacity of member states to make informed export licensing decisions in the context of criterion 8. Saferworld would encourage the UK Government to initiate a similar process for other criteria under its next EU Presidency, in the second half of 2005.

Incorporation of goods for re-export

It is set out in the 6th Consolidated Annual Report on the EU Code that member states have agreed new permissive guidelines regarding the supply of controlled goods where it is understood that the goods are to be incorporated into products for re-export. Saferworld believes these guidelines are unnecessary and constitute a weakening of EU export controls, providing member states with a rationale for approving exports that would otherwise have been refused. Saferworld therefore recommends that EU member states reverse this decision at the earliest available opportunity.

EU embargo on China

During 2004, there has been considerable pressure, led by France and Germany, to have the EU arms embargo on China lifted. It now appears the ground is being prepared for the embargo to be lifted in the near future, possibly within six months. The UK's position on the ongoing status of the embargo has not been made clear. There are compelling reasons to maintain the embargo, for example the human rights situation in China, the aggressive Chinese posture toward Taiwan, and China's reputation as a proliferator of controlled technologies. In addition, officials from the US have been quoted as predicting that if the embargo were lifted, Congress would pass laws erecting barriers to defence trade with the EU. Arguments that the EU Code criteria will ensure that appropriate restraint continues to be exercised by EU member states may not stand up to the likely massive economic pressures to participate in what is expected to be a very large defence market.

International

The Transfer Controls Initiative (TCI) and the Arms Trade Treaty (ATT)

During the period covered by this Audit, the UK Government has been involved in efforts to improve arms export controls in the international arena. It has, through its TCI, been working to encourage governments to agree common minimum standards with regard to the transfer of small arms and light weapons (SALW), with a view to

obtaining inclusion of minimum common international standards on SALW transfers in the 2006 UN Programme of Action on SALW. In addition to this, at the Labour Party Conference in September 2004, the Foreign Secretary, Jack Straw, announced the UK Government's support for an international ATT based on states' existing obligations under international law. The UK has also established the Commission for Africa, intended to generate action for a strong and prosperous Africa, which has made explicit reference to the need to "[promote] an International Arms Trade Treaty to control small arms and light weapons."

Saferworld welcomes the Government's efforts in this area. It recommends that all main political parties in the UK make a manifesto commitment in support of an ATT, and that the Government work with other sympathetic governments and with civil society to promote the principles which underpin the idea of an ATT based on states' existing obligations in discussions and negotiations at bilateral, regional and international levels.

Section 2: Developments in transparency

Many serious issues raised by Saferworld over the past several years relating to transparency and accountability in UK arms export policy remain to be addressed. Beyond this, there are a number of new issues that also require attention.

Quarterly reporting

The introduction, in 2004, by the Government, of quarterly reporting on strategic export controls is welcome. However, it is regrettable that some aspects of export control policy are not reported on quarterly, for example gifts of controlled goods or on government-to-government transfers. Furthermore the level of reporting on the new trade controls in the second Quarterly Report (April to June 2004) is so limited as to be virtually meaningless.

Provision of information to the QSC

Saferworld would urge the Government and QSC to agree on a standard format for answering queries concerning export licences granted, refusals, appeals and other material issues so that both parties may be confident that the same quality and quantity of information is being provided to Parliament year on year.

End-use

In view of the broad consensus in favour of increased disclosure of information on end-use, it is regrettable that the Government does not consider it feasible to provide information even on broad categories of end-use. Saferworld would nevertheless urge the Government to declare its willingness in principle to provide this information and to work towards the provision of such information in the shortest possible time.

Incorporation

Saferworld welcomes the inclusion of information on SIELs covering goods for incorporation but urges the Government to go further and to provide information on the ultimate destination and end-use of the final product. With regard to OIELs for incorporation, comparable information should be sought from exporters and published in subsequent Quarterly and Annual Reports.

Government-to-government transfers

In addition to the Table on Government-to-Government Transfers of Equipment, the Government should provide clear information in Section 2.7 (Export Licence Decisions) on all licences and other forms of approval (such as F680) granted to prospective government-to-government transfers. The Government should also clarify the extent of the scrutiny involved in the granting of any F680 approval for government-to-government transfers which take place outside the UK.

Disposal sales

Since transfers under the Disposal Sales arrangement will involve the export of publicly owned goods, the Government should provide separate information on licences granted and transfers made under such arrangements.

Gifted items

The Government's undertaking to consider denial notifications issued under the EU Code when considering proposed gifts of strategic goods is welcome. However, the gifting of military equipment is not the only scenario when arms are transferred from the UK without an export licence having been sought or granted. The Government should extend its pledge to cover all types of transfer that are not formally subject to the licensing process. Moreover, where the Government considers and then decides against a gift or another type of non-licensed transfer it should inform its EU partners of this decision. However, even if the Government were to adopt the aforementioned recommendations, this does not alleviate Saferworld's core concern that all transfers of equipment from UK jurisdiction or ownership should be subject to an export or trade licensing requirement which involves rigorous assessment against the Consolidated Criteria.

New Reporting Requirements: Framework Agreement (FA)

Since Global Project Licences (GPLs) are tied to specific manufacturing agreements with an agreed list of possible destinations (White Lists) for the finished product, Saferworld believes that the Government could and should provide much more information on GPLs than they do on OIELs. Indeed it is not clear why the Government does not seem prepared even to indicate which OIELs are in fact GPLs. Beyond this, Saferworld believes that listing GPLs under the FA partner paints a misleading picture, since this partner will be merely an interim destination, prior to the export of the final product. Saferworld agrees with the QSC that once a contract has been agreed with a country on the so-called White List of destinations identified under each collaborative project, the Government should publish this information in the Annual Report.²

New Reporting Requirements: The Trade in Controlled and Restricted Goods

Saferworld would urge the Government to provide comprehensive information on Trade Control Licences on a quarterly basis (as recommended previously) and to organise this information according to the final country destination of the goods.

Reporting on SIELs

The Government should clarify that it is reporting on all SIELs granted – even if the licences that are granted differ in some way from the original application. The Government should also expand the practice of giving numbers of small arms and

² QSC, *Strategic Export Controls: Annual Report for 2001*, Licensing Policy and Parliamentary Scrutiny, May 2003, para 160, HC 474, <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmfa/474/47402.htm>.

light weapons licensed for export to include SALW components and to other complete systems and components therefor.

Reporting on Denials/Refusals and Revocations:

Saferworld regards the information currently provided on licences refused as inadequate for the effective scrutiny of export control policy. At a minimum, Saferworld would urge the Government to provide, under each country entry in the Strategic Export Control reports, the grounds for each refusal alongside the rating for each licence refused and, unless there are compelling reasons for confidentiality, a summary description of the goods. In addition, where the relevant partner does not raise any objection, the Government should provide Parliament and the public with at least some information regarding the outcome of consultations on denials issued under the EU Code that were entered into by the UK.

Section 3: Export licences of concern

This section analyses on a criterion-by-criterion basis arms export licences to particular countries where UK licensing decisions have given us cause for concern. The fact that we have concentrated on relatively few examples (compared to previous Audits) should not however be taken as an indication that our concerns regarding the Government's implementation of the UK Consolidated Criteria have abated in any significant way. Indeed, while our primary focus is on exports to recipients where our concerns are particularly acute, *under most of the criteria* we also set out an additional list of countries to which UK arms exports also raise significant questions. In carrying out this analysis, Saferworld hopes that it will prompt a productive and focussed debate among opinion-formers and decision-makers concerning the UK Government's implementation of each of the Consolidated Criteria.

The destinations where concerns are most acute under each criterion are:

Criterion 1	China Iran	Criterion 6	Israel Philippines Russia
Criterion 2	Nepal Saudi Arabia Turkey	Criterion 7	Indonesia Iraq Israel Pakistan
Criterion 3	Colombia Indonesia Morocco	Criterion 8	India Nigeria Pakistan South Africa
Criterion 4	China and Taiwan India and Pakistan Middle East		

Introduction

THIS AUDIT AIMS to evaluate the strategic export licences granted by the UK Government for the calendar year 2003 and the first half of 2004, as set out in the Ministry of Defence, Foreign & Commonwealth Office, Department for International Development and Department of Trade & Industry, *Strategic Export Controls, Annual Report 2003* (FCO, May 2004) and *Quarterly Reports* January to March (FCO, July 2004) and April to June 2004 (FCO, October 2004).¹

Throughout the 18 months from January 2003 the UK arms export licensing regime applied the Consolidated EU and National Arms Export Licensing Criteria (Consolidated Criteria) set out on 26 October 2000.² These are therefore the benchmark against which this Audit assesses all licensing decisions in 2003 and the first half of 2004.

The central purpose of this Audit is to assess:

- whether the arms export licensing decisions made were in keeping with the Government's own criteria for exports;
- whether the Annual and Quarterly Reports provide enough information and in such a format as to enable a judgement on whether the Government was following its own criteria for exports (and to recommend improvements where appropriate); and
- where, in light of the operation of the Consolidated Criteria in 2003 and the first half of 2004, changes in their interpretation and implementation should be made.

This Audit also seeks to encourage the development of a restrictive interpretation of the criteria contained in the EU Code of Conduct on Arms Exports (EU Code). Operative provisions within the EU Code are designed to ensure that if one member state denies an export, its decision will not be quietly undercut by another member state supplying essentially the same equipment. A key aim of the EU Code, therefore, is for member states to reach a common understanding of what the criteria actually mean in practice and hence what material impact they should have on arms exports from the EU. However, experience suggests that the criteria are interpreted by different governments in different ways, or that a 'lowest common denominator' interpretation may prevail.

This Audit examines specific destinations, regions and exports, in order that a shared understanding and common practice may be achieved around a restrictive interpretation of the criteria. It is, however, by no means the last or the most definitive word on

¹ The first two quarterly reports are available online at <http://www.fco.gov.uk/Files/kfile/strategicexportcontrols2004JanMarreport.pdf> and <http://www.fco.gov.uk/Files/kfile/strategicexportcontrols2004aprjunreport.pdf> respectively.

² The Consolidated EU and National Arms Export Licensing Criteria, 26 October 2000, HC 199-203W, reproduced in Ministry of Defence, Foreign & Commonwealth Office, Department for International Development and Department of Trade & Industry, *Strategic Export Controls, Annual Report 2002*, (FCO, July 2003), Cm 5819, Appendix F, pp 498–501.

this subject. By circulating the Audit widely among governments and non-governmental organisations throughout the EU, Saferworld hopes to encourage debate on UK and EU arms export policy generally, and on the interpretation and implementation of the Code criteria specifically.

In pursuit of these aims, the rest of this document is set out as follows:

■ **Section 1: Developments in arms export controls**

This section examines recent and proposed key developments in arms export controls within the UK, within the EU, and then in terms of work by the UK Government to promote more effective export controls at the international level.

■ **Section 2: Developments in transparency**

This section examines developments in UK reporting since January 2003, addressing the changes that have been made, before listing a summary of ongoing concerns relating to the provision of information on strategic export controls. The section includes recommendations for how the UK can improve public transparency on this issue.

■ **Section 3: Export licences of concern**

This section provides a focused analysis of UK arms export policy on a criterion-by-criterion basis³, pinpointing particular countries – within each criterion – where UK arms exports have provided the greatest cause for concern. Each case identifies a core list of licences about which further questions need to be asked. Some of the questions reflect the need for greater transparency (eg for further information on quantities and end-users) and others relate to the interpretation and implementation of the Consolidated Criteria.

It should be noted that compared to previous Saferworld Audits, we have in this Audit taken a more focussed approach in our assessment of UK arms export policy, pinpointing those cases that give us the greatest cause for concern. The fact that we have concentrated on fewer examples, however, should not be taken as an indicator that our concerns regarding the Government's implementation of the UK Consolidated Criteria have abated.

³ Where the criteria are those set out in the UK Government Consolidated Criteria and the EU Code of Conduct on Arms Exports.

1

Developments in arms exports controls

THIS SECTION EXAMINES recent and proposed key developments in arms export controls within the UK, within the EU, and then in terms of work by the UK Government to promote more effective export controls at the international level.

United Kingdom

UK legislation

With the coming into force of the contingent secondary legislation, the regulatory regime mandated by the Export Control Act (2002) took effect on 1 May 2004. Among other changes, the new legislation establishes a licensing requirement for the first time on third-country arms transfers brokered in the UK (and in certain limited cases by UK persons operating outside UK territory) and intangible transfers of technology.

While the Act represents a major advance over the previous legislation, there are several areas in which the Act and the contingent control Orders disappoint, including:

- despite increased parliamentary oversight, there are still areas where the executive has excessive discretion, eg the Government can introduce substantive changes to export licensing criteria subject only to having to inform parliament retrospectively, and in most cases Parliament does not have the opportunity to consider changes to control Orders before they are instituted;
- in most cases, UK-passport holders can evade the new controls on arms brokering simply by stepping outside the UK to conduct their activities;
- UK companies are not required to obtain permission before establishing licensed production facilities overseas, a system of control which would greatly increase the ability of the Government to limit total production quantities and unwelcome onward export.¹

The Government has undertaken to review the legislation within three years of its coming into force.

¹ For a full and still relevant analysis of the strengths and weaknesses of the primary and secondary legislation see *An Independent Audit of the 2000 UK Annual Report on Strategic Export Controls*, Saferworld, July 2002; and *An Independent Audit of the 2001 UK Annual Report on Strategic Export Controls*, Saferworld, February 2003.

UK reporting on strategic export controls

In its most recent (May 2004) report on strategic export controls, the Quadripartite Select Committee (the QSC), as it has done for a number of years, stated its support for a system of prior scrutiny of export licence applications. The QSC noted that the Government showed little inclination to introduce such a system, but called upon the Government to allow for improved retrospective scrutiny by “publishing more timely licensing information than is currently the case.”²

On 28 July 2004 the Government introduced a significant improvement to its strategic export reporting regime with its first quarterly report, available online, covering the period January to March 2004.³ The second of these, for April to June 2004 was published on 28 October 2004.⁴ The Government has announced that, in addition to these online quarterly reports, it will continue to publish an annual report in hard copy. This will summarise the information already published in the quarterly reports and in addition include developments in export control policy.

A detailed analysis of the new quarterly reports is carried out in section 2 of this Audit. **While Saferworld believes that the quarterly reports are a welcome addition to the UK’s reporting framework, we agree with the QSC that “this [should not be regarded] as a substitute for a system of prior scrutiny.”⁵**

Defence Industrial Policy and arms exports

In 2003, two deals involving the sale of Hawk military aircraft raised concerns that domestic procurement and the perceived economic benefits of defence production are undermining export controls, and that the desire for a strong domestic defence manufacturing base could result in bad procurement decisions. In July 2003 the UK Government agreed to buy 20 Hawks for the RAF from BAE Systems (with an option on another 24) for £800 m, while in September 2003 BAE secured the sale of 66 Hawks to India for £1 bn. Both sales were controversial and may have been interlinked. According to the Guardian, “BAE officials claim[ed] that winning the domestic order is critical to prospects of selling the aircraft to overseas customers. They reckon[ed] it could win orders for up to 400 planes, equivalent to about 15 years’ production at Brough, but only if it [got] the British order.”⁶ Sir Kevin Tebbit, Permanent Secretary at the MoD, took the highly unusual step of refusing to agree the RAF procurement on value-for-money grounds.

The Guardian also reported that Defence Secretary Geoff Hoon wrote immediately after that decision to the Indian Defence Minister, urging him to buy Hawks⁷, while just days after the Indian deal was confirmed Mr Hoon referred to the UK jobs that would be sustained by Hawk sales and drew a direct link between the domestic purchase and exports. Speaking in Parliament, Mr Hoon said:

“Well over 2,000 jobs have been sustained at Brough as a result of the decision to which my hon. Friend referred. She is right to pay tribute to the quality of the work force at Brough. We are already seeing the benefit of the decision on the [domestic] purchase of Hawk 128 with the welcome news of the Indian Government’s order for Hawk as their advanced jet trainer. I anticipate that that will be the first of many further orders for Hawk.”⁸

² QSC, *Strategic Export Controls: Annual Report for 2002*, Licensing Policy and Parliamentary Scrutiny, 18 May 2004, paras 49–52, HC390.

³ *Strategic Export Controls, Quarterly Report Jan–March 2004*, (FCO, July 2004), <http://www.fco.gov.uk/Files/kfile/strategicexportcontrols2004JanMarreport.pdf>.

⁴ *Strategic Export Controls, Quarterly Report April–June 2004*, (FCO, July 2004), <http://www.fco.gov.uk/Files/kfile/strategicexportcontrols2004aprunreport.pdf>

⁵ HC390, para. 52.

⁶ Terry Macalister and Mark Milner, ‘BAE brings Hawk battle into open’, *The Guardian*, 12 June 2003, <http://www.guardian.co.uk/armstrade/story/0,10674,975647,00.html>.

⁷ David Gow, ‘5,000 jobs safe as India buys Hawks’, *The Guardian*, 4 September 2003, <http://www.guardian.co.uk/armstrade/story/0,10674,1035347,00.html>.

⁸ Geoff Hoon, Oral Answers to Questions, House of Commons, 8 September 2003, col. 1, http://www.publications.parliament.uk/cgi-bin/30908-01_spnew7.

The Government seemed to pay little attention to the possibility that the sale to India might not sit comfortably with the UK's export control commitments on regional stability and nuclear capability grounds (although sold as trainers, the Hawks have a ground attack capability ideal for use in Kashmiri terrain, and as trainers would probably be used to prepare pilots to fly the more sophisticated aircraft that India hopes will one day be able to deliver a nuclear payload).

In the foreword to the 2002 UK Defence Industrial Policy, it is stated that:

*A thriving, innovative and competitive defence industry is essential for the defence of the UK. ... [The Government is] delighted to launch the Government's new defence industrial policy aimed at enhancing the competitiveness and sustainability of the UK defence industry, while continuing to provide high quality equipment at best value for money. The industry is a key part of our economy, contributing significantly to our balance of trade and employment.*⁹

Criterion 5 of the Consolidated Criteria states that while "the Government will take into account the potential effect of the proposed export on the UK's defence and security interests" it is recognised that "this factor cannot affect consideration of the criteria on respect of human rights and on regional peace, security and stability." The Consolidated Criteria also refer to operative provision 10 of the EU Code, noting that "member states may where appropriate also take into account the effect of the proposed exports on their economic, social, commercial and industrial interests, but that these factors will not affect the application of the criteria in the Code."

The examples of the Hawk deals raise two related concerns: that not only might economic factors be compromising the stated basis for export licensing decisions, but also that the pressures to maintain a domestic defence production capability and the jobs thereby supported may result in domestic procurement being influenced by export potential. **Saferworld recommends that the Government reassert the relationship between economic factors and the other elements that make up the Consolidated Criteria, in particular that domestic economic concerns cannot be allowed to trump concerns over human rights, regional stability and sustainable development.**

UK defence manufacturers and corruption

In 2002 the UK fulfilled its obligations under the OECD 1997 *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* by passing into law the *Anti-Terrorism, Crime and Security Act 2001*, which outlaws the bribing of any foreign public official by a UK person.

In May 2004 this commitment to tackle corruption was underlined by a new policy on corruption in the Export Credit Guarantee Corporation (ECGD), the Government agency which supports UK exporters by providing guarantees, insurance and reinsurance against non-payment by foreign customers. This is particularly relevant to the defence industry; in recent years around one-third to one-half of ECGD support has been for military exports (though recent revelations by *The Guardian* of a secret deal to provide £1bn worth of insurance *per annum* on BAE Systems' exposure to Saudi Arabia suggest that the true figure may be significantly higher¹⁰). The new ECGD policy states that "corruption and bribery represent an unacceptable cost to business ... distort competition and investment, and hinder free and fair trade"¹¹, and a number of new procedures have been established to "deter illegal payments, corrupt practices and money laundering by applicants for ECGD's support".¹²

⁹ *The UK Defence Industrial Policy 2002*, Foreword, authored by Lord Bach, Minister of State for Defence Procurement & Alan Johnson, Minister of State for Employment Relations, Industry & the Regions, http://www.mod.uk/issues/industrial_policy.htm.

¹⁰ David Leigh and Rob Evans, 'Secret £1bn deal to insure Saudi arms contract,' *The Guardian*, 14 December 2004, <http://www.guardian.co.uk/armstrade/story/0,10674,1373154,00.html>.

¹¹ ECGD Bribery and Corruption Policy, http://www.ecgd.gov.uk/index/pi_home/policy_on_bribery_and_corruption.htm.

¹² *Ibid.*

These have been extremely welcome developments, especially in light of recent claims of corrupt practices in connection with arms deals which have received backing from the ECGD. The Serious Fraud Office is currently investigating claims that BAE have operated a £60 million ‘slush-fund’ for “Prince Turki bin Nasser, a leading member of Saudi Arabia’s ruling royal family responsible for running the Saudi side of al-Yamamah, the biggest arms sale in British history, worth billions in orders to [BAE Systems].”¹³ In another case, following a legal challenge by *The Guardian*, court documents, including a large number of internal company memos, were released in December 2004 revealing that the land-systems manufacturer Alvis plc was alleged to have paid £16.5 m in bribes to President Suharto’s eldest daughter to secure a £160 m sale of Scorpion tanks to Indonesia in the mid-1990s.¹⁴ These alleged bribes are now under investigation by the National Criminal Intelligence Service in the UK and by anti-corruption investigators in Indonesia. Payment for the Scorpions, guaranteed by the ECGD, was eventually defaulted upon by the Indonesian Government at a cost of £93 million to the UK tax-payer. (For details on recent concerns over the use of UK-sourced Scorpion tanks by Indonesian security forces, see the Indonesia entry under section 3, criterion 3)

There are, however, some concerns over the extent of the ECGD’s commitment to tighten up on bribery and corruption. Under ECGD rules, an admission or a conviction for bribery and corruption is a *prima facie* reason for refusing cover for new business, yet it would seem that *suspicion* of bribery, however well-founded, is not. Therefore, despite the current investigations into practice at Alvis and BAE, under ECGD rules there are as yet no grounds for ECGD to withhold further support. Even more worryingly, the new (May 2004) rules on bribery and corruption were watered down (with effect from 1 December 2004) following personal lobbying of The Secretary of State for Trade & Industry, Patricia Hewitt, by defence companies the Airbus Consortium, BAE Systems and Rolls Royce.¹⁵ In evidence to the Parliamentary Select Committee on Trade & Industry, Mr John Weiss, Deputy Chief Executive of the ECGD, argued that the new regulations were too onerous in that *inter alia* they required guarantees regarding the behaviour, “to the best of [the companies’] knowledge and belief”, of affiliates beyond the control of the companies contracting with the ECGD.¹⁶

The recent allegations about the involvement of UK defence companies in bribery and corruption suggest that not enough is being done to clamp down on unethical practice in the industry. In such a context, watering down the regulations that do exist sends the wrong signal. Rather than placing pressure on companies to root out corruption, this merely encourages companies to construct “Chinese walls” to ensure that corrupt practices cannot be traced back to the parent company. **Saferworld recommends that the ECGD’s May 2004 rules on bribery and corruption should be reinstated, and further that provision for maintaining or increasing ECGD cover should be based upon balance of probability, rather than criminal conviction.**

Staffing levels at the Export Control Organisation (ECO) and Her Majesty’s Customs & Excise (HMC&E)

The ECO, which is the unit inside the Department of Trade & Industry (DTI) responsible for administering the export licensing process, is facing job cuts of 25 percent by June 2005, with the possibility of more jobs lost by June 2006. This is occurring despite the fact that the *Final Regulatory Impact Assessment Export Control*

¹³ ‘The Money Programme,’ BBC2, 4 October 2004,

http://www.bbc.co.uk/pressoffice/pressreleases/stories/2004/10_october/04/money.shtml.

¹⁴ David Leigh, David Pallister, Rob Evans, and John Aglionby, ‘Guardian victory in arms bribe case’, *The Guardian*, 9 December 2004, <http://www.guardian.co.uk/armstrade/story/0,10674,1369662,00.html>.

¹⁵ Oliver Morgan, ‘One man’s bribe is another’s commission’, *The Observer*, 12 December 2004, <http://observer.guardian.co.uk/business/story/0,6903,1371692,00.html>.

¹⁶ See uncorrected transcript of oral evidence, to be published as HC1275-i, House of Commons, Minutes of evidence taken before the Trade & Industry Committee, ECGD Support for the Baku-Tbilisi-Ceyhan Pipeline, 16 November 2004, qu. 57–74, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmtrdind/uc1275-i/uc127502.htm>.

Orders calculates a likely 23 percent increase in the number of standard licence applications – from 11,000 to 13,500 per year – as a result of the new licensing requirements (for intangible and for brokered transfers) under the Export Control Act 2002.¹⁷ Systems have been developed to concentrate attention on those licence applications most likely to raise questions under the Consolidated Criteria; nonetheless, any moves to downsize the ECO at this time must be of considerable concern. The government has moved to encourage the submission of export licence applications (ELAs) electronically, however any efficiencies are likely to be some time off. For the foreseeable future applications are likely to be lodged by both paper and electronic means, raising the prospect of an additional burden in terms of co-ordination difficulties. There would therefore seem to be a significant risk that, if performance targets are to be met with regard to the prompt processing of ELAs, individual licence applications will be subject to less rigorous evaluation. Alternatively, the Government may be envisaging a further shift towards more widespread use of open licences in order to reduce the overall bureaucratic burden. While Saferworld does not oppose the use of Open Licences *per se*, any decision to increase their scope or coverage should be taken in response to strategic evaluation, and not as part of a cost-cutting exercise.

In addition, the Government announced that as result of the merger between Inland Revenue and HMC&E, a minimum of 12,500 posts would be lost.¹⁸ Assuming a similar proportion of jobs are lost from each department (currently no figures on this are available), 3,000, or approximately 14 percent of HMC&E jobs would disappear. HMC&E estimates that the additional cost to them to enforce the new export and trade controls will be approximately £200,000 to £300,000 per annum. Given the current concerns regarding illicit trafficking in controlled goods in general, and possible attempts to move equipment useful to terrorists across international borders in particular, it is especially important that this aspect of HMC&E's work is well resourced. **Saferworld would therefore welcome a guarantee from the Government that any cuts to HMC&E's staffing levels or changes to its structure will not be at the expense of these estimated additional costs of enforcing strategic export controls.**

European Union

EU expansion and outreach

On 1 May 2004 the membership of the EU expanded to include 10 new members from the Baltic sub-region, Central Europe and the Mediterranean. As the date of accession drew near a number of steps were taken by the 'old 15' member states to assist the new members in implementing the EU Code. Among these were the following:

- the then accession countries had observer status at meetings of the EU Council Working Group on Arms Exports (COARM);
- denial notifications were shared with the accession countries on an aggregate basis; and
- the UK organised two seminars for accession countries on the implementation of the EU Code criteria.

While these measures were welcome, officials from the new members themselves have suggested that the level of support from the 'old 15' was insufficient for the purpose of enabling the new members to join the EU's export control regimes as full and equal partners. While some of the 'old 15' (including the UK) did attempt to assist the accession countries, these efforts were largely *ad hoc* and uncoordinated.

¹⁷ Final Regulatory Impact Assessment Export Control Orders, 31 October 2003, <http://www.dti.gov.uk/export.control/legislation/pdfs/riafinalversion.pdf>.

¹⁸ Speech by Gus O'Donnell, Permanent Secretary, HM Treasury, 18 November 2004. HM Treasury state that an additional 3,500 posts could either be redeployed or removed. There is no current data available on how many of the jobs lost or redeployed will be in HMC&E. *Accountancy Age*, 5th April 2004, estimates that a combined loss of 14,000 posts for HMC&E and Inland Revenue, would result in a proportional loss of 3,000 staff for HMC&E.

There are promising signs with regard to the next wave of accession that some of the lessons of the past may have been learnt. EU member states are endeavouring to identify priorities among the next-wave countries and to coordinate assistance. Some of the new member states are taking an active part in this process, a welcome development in that they have a first-hand appreciation of some of the difficulties that EU accession can involve. The first seminar to explain criteria implementation to Bulgaria, Croatia, Romania and Turkey was held in Prague in December 2004. Supporting the accession process is a major challenge for the existing EU states, possibly more so now than with the previous group of candidates: Romania and Bulgaria still have very real problems relating to the development and enforcement of effective arms export control policy and practice and so it is crucial that member states develop a comprehensive approach to supporting their eventual accession. To this end the UK Government played an important role in mid-2004 in the development and agreement of a COARM-wide outreach strategy that aims to provide support for new EU candidates as well as engaging with other European states struggling with the problems of achieving effective control over arms production, stockpiling and transfers.

Furthermore, it is likely that under the current Review of the EU Code (see below), the existing operative provision 11 of the Code, which currently states that “EU member states will use their best endeavours to encourage other arms exporting states to subscribe to the principles of this Code of Conduct,” will be expanded upon. It is expected that the updated operative provision will encourage regular exchanges of information between EU members and those countries which adhere to the Code¹⁹ and will promote bilateral and joint EU assistance activities in third countries.

While this amendment to the EU Code will be welcome, it is crucial that the level of support and engagement on offer is of sufficient depth to make a real difference to the export control culture and practice in the target countries. For example, although new member states welcomed the aforementioned seminars on criteria implementation held prior to their accession, they were sceptical of the impact a single seminar, attended by only a few officials from each country, could have across all the relevant government agencies involved in export licensing.

The Review of the EU Code

EU member states announced late in 2003 that they were to undertake a review of the EU Code. The Code has proved a relatively dynamic instrument, and in the six years since its adoption a range of supporting statements and commitments has grown up around it: these are now set out in the Compendium of Agreed Practices, which each year are annexed to the EU Consolidated Annual Report. Among the most notable of these has been the agreement on 23 June 2003 of the EU Common Position on arms brokering.²⁰ However, until now the actual text of the Code has been inviolate; the Review has provided member states their first opportunity to alter the Code language.

As at December 2004, the ‘new’ EU Code has yet to be finalised, though officials are confident that the process will be complete in early 2005. It is therefore impossible to comment with certainty on what the result of the Review will be, however indications are that it has been predominantly a tidying up exercise—many of the new references in the Code will be merely a restatement of items already agreed by member states within the context of the ongoing development and implementation of the Code, eg the new references to licensed production overseas are likely to be based on measures first agreed in 2002. As well, substantive changes to the criteria have been largely off limits, although it is understood that, in a welcome development, the language on international humanitarian law has been strengthened. However, the central criticism of

¹⁹ The notion of “adherence” to the Code is new and refers to those states who have not only given rhetorical support to the notion of applying the principles of the Code, but whose export control practice is considered to be broadly in line with that of EU member states, eg Norway.

²⁰ *Council Common Position 2003/468 /CFSP on the control of arms brokering*, Official Journal of the European Union, 23 June 2004. http://europa.eu.int/comm/external_relations/cfsp/sanctions/468.pdf.

the criteria, that they allow for too broad a range of interpretations by the different member states, has not been addressed.

Saferworld has also been disappointed by the absence of a formal consultation procedure in respect of the Review process. While the Presidencies have been largely supportive of efforts by civil society to engage on the Review, and in the UK FCO officials have arranged for meetings with NGOs (including Saferworld) to discuss proposals, for the most part at both the member-state and EU levels virtually all interaction has been prompted by the NGO community. In many member states, governments made absolutely no effort to engage with their electorates on the issue, and in some cases enquiries from NGOs into the process went unanswered. It is to be hoped that the next (as yet unscheduled) review will not only seek to confront the weaknesses in the current criteria, but will actively solicit input in a timely manner from all interested parties.²¹

Elaboration of criterion 8

While the EU Code Review may have failed to address problems with the Code criteria, also in 2004 a process has been underway to elaborate guidelines of the implementation of criterion 8 (frequently referred to as the 'sustainable development' criterion). This was on the basis that criterion 8 is among the least understood of the criteria, and therefore in most need of attention. The elaboration process is likely to be concluded early in 2005, and possibly before the end of 2004.

Saferworld understands that the system being developed involves first identifying those exports that might raise concerns on the basis of whether the recipient is a developing country and on the scale of the proposed export. For those transfers thereby identified as potentially problematic, a series of indicators will be applied to determine the likely extent of concern, at which point a judgement will be made as to whether the export should be approved. To Saferworld's knowledge, since the UK Government was among those member states taking the lead on this process, it seems the guidelines will contain some crossover with the indicators set out in the statement on the application by the UK Government of criterion 8 by the Secretary of State for Trade & Industry in September 2002²², although there will also be other elements taken into account.

This initiative is most welcome, and it is to be hoped that it will contribute significantly to the capacity of member states to make informed export licensing decisions in the context of criterion 8. **It is also encouraging that the 5th "Priority Guideline for the Near Future" set out in the 6th Consolidated Annual Report on the EU Code is the "development of best practices for the interpretation of criteria, as is being done in respect of criterion 8"**²³ However, as yet it seems that no member state has seized the initiative in this regard; Saferworld encourages the UK Government to take such a lead, especially in light of the fact that the UK will hold the EU Presidency in the second half of 2005.

Incorporation of goods for re-export

As is set out in the 6th Consolidated Annual Report on the EU Code, member states have agreed that, "as with all licence applications, they will fully apply the Code of Conduct to licence applications for goods where it is understood that the goods are to be incorporated into products for re-export."²⁴ However, the report goes on to state that:

²¹ For a comprehensive NGO analysis of priorities for the EU Code delivery process, see 'Taking control: the case for a more effective EU Code of Conduct on Arms Exports', eds Saferworld, September 2004, <http://www.saferworld.org.uk/publications/Taking%20control.pdf>.

²² Statement by Secretary of State for Trade & Industry, Patricia Hewitt, on the application of Criterion 8 of the Consolidated Criteria in assessing relevant export licence applications, Hansard, House of Commons Debate, 26 September 2002, Col 310W.

²³ *Sixth Annual Report according to Operative Provision 8 of the European Code of Conduct on Arms Exports*, Council of European Union, 22 November 2004.

²⁴ *Ibid.*

In assessing such applications, member states will also have regard inter alia to:

- i. the export control policies and effectiveness of the export control system of the incorporating country;
- ii. the importance of their defence and security relationship with that country;
- iii. the materiality and significance of the goods in relation to the goods into which they are to be incorporated, and in relation to any end-use of the finished products which might give rise to concern;
- iv. the ease with which the goods, or significant parts of them, could be removed from the goods into which they are to be incorporated;
- v. the standing entity to which the goods are to be exported.

These new guidelines are effectively identical with those applied unilaterally by the UK as set out in a statement by the UK Foreign Secretary in July 2002, on the grounds that the existing controls did not cover incorporation cases.²⁵ Saferworld's Audit of the 2001 UK Annual Report on Strategic Export Controls explained in detail that this was not the case and how these incorporation guidelines undermined the Consolidated Criteria. Given the decision of the EU member states to adopt the same guidelines, part of that analysis is reproduced as follows:

Criterion 5 of the Consolidated Criteria explicitly authorises [the Government] to take into account such factors as defence and security relationships ("while recognising that this factor cannot affect consideration of the criteria in respect of human rights and on regional peace, security and stability"). Criterion 7 refers to the "risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions." The operative provisions of the EU Code allow member states to take into account economic considerations when judging licence applications, though not at the expense of any of the criteria (operative provision 10), while operative provisions 5 and 6 state that the criteria are to be applied not just to complete weapons systems but also to military and dual-use components. ...

In response to concerns expressed by the QSC about the new guidelines,²⁶ [the Government] stated that "[c]riterion 7 will still be taken into account in respect of the final destination where incorporation is not involved"²⁷ and that "the statement does not apply to items to be re-exported without being incorporated into other items. These would be covered under the Criteria (Criterion 7)."²⁸ The implication of both these statements is that in cases of incorporation, criterion seven will not apply.²⁹

Saferworld remains convinced that the adoption of such guidelines is unnecessary and indeed constitutes a weakening of EU export controls, providing member states with a rationale for approving exports that would otherwise have been refused. In this context, it is instructive that during the period January 2003 to June 2004 there were 61 incorporation licences issued for the transfer of licensable goods to Israel, a state known to have ignored specific end-use undertakings in the past and which includes China and India among its main arms-export customers (see chapter 3, criterion 7 for more details). Saferworld therefore recommends that EU member states reverse this decision at the earliest available opportunity.

EU embargo on China

An EU arms embargo has been in place on China since June 1989, in response to the events that took place in Tiananmen Square and as an expression of concern over the human rights situation in China. During the course of 2004, there has been consider-

²⁵ Jack Straw, Foreign Secretary, House of Commons Hansard 8 July 2002, col. 651W, <http://www.parliament.the-stationery-office.co.uk/pa/cm200102/cmhansrd/vo020708/text/20708w01.htm#20708w01.html.sbh3>.

²⁶ HC718, pp. 50–54, paras 136–147.

²⁷ Cm5629, p. 11, emphasis added.

²⁸ *Ibid.*, p. 12.

²⁹ *An Independent Audit of the 2001 UK Annual Report on Strategic Export Controls*, Saferworld, July 2002.

able pressure, led by France and Germany, to have the EU arms embargo on China lifted. This has been on the basis that the embargo implies a near-pariah status China no longer deserves and that the EU Code (which was not in existence when the embargo was established) could now serve as an adequate framework for regulating arms exports to China. It would seem that the ground is now being prepared for the embargo to be lifted in the near future: in December 2004 the Dutch Prime Minister, Jan Peter Balkenende, speaking as President of the EU, said “there is a possibility but it is not a guarantee” that the embargo could be lifted within six months.³⁰ The UK’s position on the ongoing status of the embargo has not been made clear, however it is widely regarded that the UK will not stand in the way of the majority view.

There are several reasons why the arms embargo should not only be maintained but indeed strengthened. The human rights situation, which as mentioned forms the basis for the embargo in China, is still of major concern (see, for example the China country entry in the latest Amnesty International and US State Department annual reports³¹). However there are also other arguments why China should be considered a special case. It is official Chinese policy that were Taiwan to make a formal declaration of independence, China would assert its claim on Taiwanese territory by force. Furthermore, China has a reputation as a serial proliferator of conventional, missile and WMD technologies.³² These factors all point in favour of maintaining the embargo, while the variability with which EU member states seem to interpret the embargo argues in favour of its strengthening. According to the 6th Consolidated EU Report, in 2003, 17 of the 22 EU member states and accession countries who reported on licences granted did not licence the export of any military list goods to China, while of the five who reported that licences were granted, France, Italy and the UK each authorised licences valued at more than €100 million.³³ (For an assessment of the UK’s interpretation of the embargo, see the China entry under section 3, criterion 1)

The security interests of the UK may also in fact be harmed by easing export controls on China. Lifting the embargo would almost certainly impact upon the UK’s prospects of gaining a US ITAR Waiver (which would reduce the licensing requirements for US companies exporting controlled goods to the UK). At a recent export controls seminar, Gregory Suchan, Director of the US State Department’s Office of Defence Trade Controls, said that if the embargo were lifted US military exports to the EU would be affected, and predicted that Congress would pass laws erecting barriers to defence trade with the EU.³⁴

It is argued by those in favour of lifting the embargo that the EU Code criteria will ensure that appropriate restraint continues to be exercised by EU member states. It is likely, however, that there will be massive economic pressures to participate in what is expected to be a very large defence market. Given the room for flexible interpretation contained in the EU Code criteria, these pressures may be hard for member states to resist. **Saferworld therefore recommends that member states restate their commitment to the arms embargo on China, and preferably in such a way so as to ensure more consistent application across the EU.**

³⁰ See Raphael Minder, ‘EU stalls over lifting China arms embargo,’ *Financial Times*, 9 December 2004, <http://news.ft.com/cms/s/8e1cae04-4988-11d9-8ce9-00000e2511c8.html>.

³¹ *Amnesty International Report 2004: China*, (Amnesty International), <http://web.amnesty.org/report2004/chn-summary-eng>; and *US Department of State Country Reports on Human Rights 2003: China*, <http://www.state.gov/drl/rls/hrrpt/2003/27768.htm>.

³² For further information on China’s role as proliferator, see *An Independent Audit of the 2002 UK Annual Report on Strategic Export Controls*, Saferworld, February 2004.

³³ *Sixth Annual Report according to Operative Provision 8 of the European Code of Conduct on Arms Exports*.

³⁴ Guy Dinmore, ‘US warns EU against resuming arms sales to China,’ *Financial Times*, 13 December 2004, http://news.ft.com/cms/s/0ce069ea-4d46-11d9-b3be-00000e2511c8,ft_acl=s01=1.html.

International

The Transfer Controls Initiative (TCI) and the Arms Trade Treaty (ATT)

The TCI is an attempt by the UK Government, through a series of regional workshops, to obtain inclusion in the 2006 UN Programme of Action on Small Arms and Light Weapons (SALW) of a package of agreed minimum common international standards on SALW transfers. The initiative grew from an understanding that many states from around the world were unwilling to accept the criteria set out in the EU Code as a basis for an international standard and that a different approach would have to be used to advance the international export control agenda. To date, presentations have been made at regional workshops held in South America, East Africa, Central America, West Africa and South Asia and a number of visits to key capitals have been undertaken where the TCI has been an important agenda item.

The TCI will continue to be taken forward within the context of the UN Programme of Action, however in September 2004 at the Labour Party Conference, the Foreign Secretary, Jack Straw, announced the UK Government's support for an international ATT based on states' existing obligations under international law. The Commission for Africa, which was launched by the UK Prime Minister in February 2004 with the intention that it should generate action for a strong and prosperous Africa, made explicit reference in its Consultation Document of November 2004 to the need to "[promote] an International Arms Trade Treaty to control small arms and light weapons."³⁵

A large number of NGOs have for some time been promoting an ATT, based on states' obligations under international law, as a necessary component in any attempt to bring the international arms trade under effective control. The statement of the UK Government is therefore extremely welcome. **Saferworld recommends that all main political parties in the UK make a manifesto commitment in support of an ATT, and that the Government work with other sympathetic governments and with civil society to promote the principles which underpin the proposed ATT in discussions and negotiations at bilateral, regional and international levels.**

Conclusion

It is encouraging that arms export control practice in the UK and the EU continues to make progress in a number of areas. It is however notable that in a year in which the UK Export Control Act (2002) entered into force and where for the first time the EU Code has been reviewed, this progress appears for the most part to have been only incremental. At the same time, cutbacks in the resources being devoted to export control within the EU, eg in terms of staff employed at the Export Control Organisation, and the EU agreement on relatively liberal incorporation guidelines, threaten to undermine the positive developments that have occurred elsewhere.

³⁵ Consultation Document, Commission for Africa, November 2004, p. 9, http://213.225.140.43/getting_involved/consultationdocument.htm.

2

Developments in transparency

1. Introduction

THE UK GOVERNMENT REPORTS ON STRATEGIC EXPORT CONTROLS covering the period January 2003 to June 2004 contain some small, yet significant, improvements to the quantity and clarity of information provided over previous years. At the same time, the introduction in 2004 of quarterly reporting on strategic export controls is welcome as it allows for a more timely discussion of export licensing policy.

Recent positive developments in transparency include:

- the regular provision of background information relating to licences granted to embargoed destinations;¹
- an indication whereby body armour licensed for export is intended for humanitarian end-use (see also below);² and
- the provision of information on the number of licences granted for each specific type of goods to each country destination.

However, it is regrettable that some aspects of export control policy are not reported on quarterly. For example, there is no information in the quarterly reports concerning gifts of controlled goods or on government-to-government transfers. Furthermore the level of reporting on the new trade controls in the second Quarterly Report (April to June 2004) is so limited as to be virtually meaningless.

Despite the recent changes that have taken place in reporting on strategic export controls, many serious issues raised by Saferworld over the past several years relating to transparency and accountability in UK arms export policy remain to be addressed. An extensive range of recommendations is set out in previous Audits carried out by Saferworld. However, a summary of our ongoing concerns relating to the provision of information on strategic export controls is set out in part 2 below. Beyond this, part 3 will address those issues (new and revisited) where Saferworld has further recommendations to put forward.

¹ See, for example, the Iran and Iraq entries in the Quarterly Report on Strategic Export Controls for April–June 04, <http://www.fco.gov.uk/Files/kfile/strategicexportcontrols2004apjunreport.pdf>.

² See, for example, the Afghanistan, Algeria and Angola entries in the Quarterly Report on Strategic Export Controls for April–June 04, <http://www.fco.gov.uk/Files/kfile/strategicexportcontrols2004apjunreport.pdf>.

2. Outstanding recommendations relating to transparency and accountability in UK strategic export controls

Open Individual Export Licences (OIELs)

Upper limits should be placed on quantities and values of goods that can be exported under each OIEL and this information published in the Government Reports. The DTI should require notification by exporters of all deliveries made under each OIEL and should publish this information in the Government Reports. Finally, summary data should be provided of how OIEL compliance procedures are being followed.

Licensed production overseas (LPO)

In view of the priority that the Government has now placed upon enhancing transparency and accountability in incorporation cases, the argument for controlling LPO agreements and publishing information relating to them must now be considered compelling.

Transshipment

There has been no improvement in data provided or in policy regarding licensing the transshipment of controlled goods through the UK. Accordingly, our recommendation still stands that the Government should take immediate steps to clarify to Parliament and the public current policy and practice in relation to transshipment, providing reassurance that the UK, as a hub for international trade and commerce, is not systematically being used as a transshipment point for the movement of sensitive goods to end-users of concern.

Data on Exports

In view of the fact that the problems with EU and Customs Tariff Codes are ongoing, our previous recommendation still holds, namely: the amendment of the Tariff Codes, to more accurately reflect the common Military List agreed by EU member states, is now a matter of some urgency. Saferworld welcomes the fact that the Government has held discussions with EC Partners on the issue of the Tariff Codes but regrets the Government's recent doubts concerning whether an equivalence between the Tariff Codes and Military List can be achieved.³ Saferworld urges the Government to continue to work for ways round this current impasse.

3. New or revisited issues

Provision of information to the QSC

In its report of May 2004 the QSC noted with regret that, in the period leading up to the publication of this report, it had been unable to secure from the Government a level of information commensurate with that provided in previous years.⁴ In response, the Government denied that it had limited the information provided to the QSC and promised to take steps to clarify any perceived problems.

Saferworld would urge the Government and QSC to agree on a standard format for answering queries concerning export licences granted, refusals, appeals and other material issues so that both parties may be confident that the same quality and quantity of information is being provided to Parliament year on year.

³ QSC, *Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny, Response from the Secretaries of State for Defence, Foreign and Commonwealth Affairs, International Development and Trade and Industry*, October 2004, para. 7, <http://www.fco.gov.uk/Files/KFile/CM6357.pdf>.

⁴ QSC, *Strategic Export Controls: Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny*, May 2004, HC 390, para. 12, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmdfence/390/39002.htm>.

End-use

Saferworld has previously called upon the Government to provide information on end-use in relation to all export licences granted. In view of the sensitivities that have been alluded to with regard to giving precise end-use information, Saferworld's recommendations have centred upon the provision of such information according to broader categories of end-user such as "police" or "military".

In its report of May 2004, the QSC urged the Government to "publish more information on end-use, because it would enable public debate on export controls to focus on those licensing decisions which are genuinely debatable" going on to cite the strong support for such a move amongst parliamentarians, NGOs and defence industry representatives.⁵ Unfortunately, the Government, in its response to the QSC, claimed that it is not cost-effective "within the limits of its current licensing databases" to extract and provide information on end-use, even on a "government/non-government" basis, adding that licence application forms would need to be amended and databases restructured.⁶ More positively, however, the Government did state that such amendments would be considered as part of any gradual improvements that are made.

In view of the broad consensus in favour of increased disclosure of information on end-use, it is regrettable that the Government does not yet consider it feasible to provide information even on broad categories of end-use. Saferworld would nevertheless urge the Government to declare its willingness in principle to provide this information and to work towards its provision in the shortest possible time.

Incorporation

In the previous Audit Saferworld restated the recommendation that the Government should agree a common approach to onward export with partner governments for each collaborative defence project, thereby ensuring they are always aware of the final end-user of incorporated equipment and are therefore in a position to apprise parliament and the public accordingly.

In a new development, beginning in the 2003 Report, the Government now specifies, under each country destination, the number of Standard Individual Export Licences (SIELs) issued for goods that are intended for overseas incorporation into other equipment and, as with standard SIELs, gives a description of the goods covered by these licences. This is a positive move, not least because it illustrates the extent to which incorporation is now an issue for the UK. However, the Government has failed to provide any information concerning the final destination and end-use of the resultant equipment, giving rise to concerns that controlled goods of UK origin could be used in contravention of the Consolidated Criteria. This is a general concern, however it is particularly acute in cases where the initial destination of the goods for incorporation is a country whose export control policy does not reflect the standards set out in the EU Code of Conduct.⁷

Beyond this, it is also disappointing to note that no comparable information on incorporation cases is given with respect to OIELs. Saferworld maintains that the Government should require exporters to inform them as to which goods listed on each OIEL are destined for incorporation and that the Government should, in turn, publish this information along with details of the ultimate destination and end use of the finished product.

⁵ *Ibid.*, para. 43.

⁶ *Response from the Secretaries of State 2004*, para. 5.

⁷ For example, in July 2002 the UK exported heads-up-display units to the US for incorporation into F16 aircraft for onward export to Israel. This is despite such F16 aircraft having been used in operations in the Occupied Territories, running contrary to restrictions placed upon direct exports of controlled goods from the UK to Israel. See Saferworld's Audit of the 2002 Annual Report on Strategic Export Controls. Furthermore, Israel is itself the second largest recipient of incorporation licences from the UK after the US. During 2003 and the first six months of 2004 Israel received goods under 61 Standard Individual Export Licences (Incorporation); during the same period the US received 64.

Saferworld welcomes the inclusion of information on SIELs covering goods for incorporation but urges the Government to go further and to provide information on the ultimate destination and end-use of the final product. With regard to OIELs for incorporation, comparable information should be sought from exporters and published in subsequent Quarterly and Annual Reports.

Government-to-government transfers

In the previous Audit we repeated our call that the Government should no longer be involved in export promotion with regard to transfers of controlled goods to recipients on a list of “countries of concern”. We also argued that all prospective exports of equipment to other countries made within the context of government-to-government contracts, or contracts won with the direct support of the Government, should be rigorously scrutinised against the Consolidated Criteria before a decision on granting a licence is taken. We also argued that where Government Ministers are involved in promoting specific UK arms sales, in line with the QSC’s recommendations for a two-stage system of prior parliamentary scrutiny of arms export licence applications, proposed sales should automatically be notified to the Committee in Stage 2 (in which comprehensive details of the proposed transfer are provided). All licences granted and deliveries made under such government-to-government and Government-promoted contracts should be clearly identified as such within the Annual Report on Strategic Exports.

In its response of October 2004 to the QSC Report of May 2004, the Government makes the welcome statement that no transfers of military goods to overseas governments are currently unreported.⁸ It goes on to say that: “information on items transferred government-to-government is included in the Annual Report in the section on Statistics on Exports of Military Equipment, and also in the tables on the Values of Exports of Military Equipment, on Government to Government Transfers of Equipment, and on Items of Military Equipment Gifted by the Government... and *as appropriate* [emphasis added] in the section on Export Licence Decisions.”⁹

Despite several exchanges between the QSC and the Government on the issue, it is still not clear under which circumstances it is “appropriate” for export licences to be issued for government-to-government transfers. The 2003 Annual Report states that where ownership transfer of surplus goods to an overseas government takes place in the UK, the purchasing Government is required to obtain a UK export licence and that information on licences granted are included in Section 2.7 (Export Licence Decisions).¹⁰ However, licences that are granted as part of government-to-government deals are not identified as such in Section 2.7, and thus it is not possible to assess such licences in their proper context. Moreover, such provisions do not address those circumstances whereby ownership transfer takes place outside the UK. Previously the Government has indicated that in such cases the Form 680 process may be used as a means of authorising transfers of surplus equipment, but it is by no means clear that this process provides for the same level of scrutiny as does the full export licensing process.

Table 6 – Government-to-Government Transfers of Equipment – is the only place in the Annual Report where clear data on government-to-government transfers is set out. However, this is post-delivery information and in effect, Parliament and the public are being presented with a *fait accompli* – by the time the information is published, the transfer has taken place. It is unclear, therefore, why government-to-government transfers should be treated as a special case and not identified as such at the licensing (or approval) stage. As Saferworld has stated previously, because government-to-government transfers are a direct expression of Government policy, they warrant greater scrutiny, not less, than commercial licensed transfers.

⁸ *Response from the Secretaries of State 2004*, para. 13.

⁹ *Ibid.*, para. 14.

¹⁰ UK Annual Report on Strategic Export Controls, 2003, p. 20, <http://www.fco.gov.uk/servlet/Servlet?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1085327340991>.

In addition to the Table on Government-to-Government Transfers of Equipment, the Government should provide clear information in Section 2.7 (Export Licence Decisions) on all licences and other forms of approval (such as F680) granted to prospective government-to-government transfers. The Government should also clarify the extent of the scrutiny involved in the granting of any F680 approval for government-to-government transfers which take place outside the UK.

Disposal sales

In the previous Audit we argued that in view of the fact that Disposal Sales involve the transfer of publicly owned equipment, the QSC should be given the opportunity to scrutinise proposed transfers in advance of any licence being granted or F680 clearance being given. Also, in line with the QSC's recommendations for a two-stage system of prior parliamentary scrutiny of arms export licence applications, proposed Disposal Sales should automatically be notified to the Committee in Stage 2 (in which comprehensive details of the proposed transfer are provided). We also argued that all transfers approved under Disposal Sales contracts, and all deliveries of equipment – not just of major conventional weaponry – made under such agreements, should be documented as such within the Annual Report on Strategic Exports.

The 2003 Annual Report states that when contractors involved in Disposal Sales are selling controlled goods to an overseas customer, they are required to apply for an export licence in the normal way; these licences are also listed under Section 2.7 (Export Licence Decisions). Again of all the information relating to export licences granted set out in Section 2.7, it is not possible to ascertain which applies to Disposal Sales and so, again, a proper assessment cannot be made. Moreover, there is no specific table of exports detailing transfers made under the Disposal Sale arrangement. Assuming that the information is carried somewhere in the Government's Annual Report, it's not clear if disposal sale transfers are listed in Table 4 (Statistics on exports of weapons and small arms), in Table 5 (Value of exports of military equipment) and/or in Table 6 (Government-to-Government transfers of equipment).

Since transfers under the Disposal Sales arrangement will involve the export of publicly owned goods, the Government should provide separate information on licences granted and transfers made under such arrangements.

Gifted items

In the previous Audit we were critical of the fact that there was no indication in any of the Tables (4 to 8) concerning which information related to gifts of military equipment from the Government, as opposed to licensed and/or commercial transfers. We also argued that all gifts of military equipment made by the Government should be subject to rigorous scrutiny against the Consolidated Criteria, regardless of whether or not they belong to the Crown. Furthermore, in line with the QSC's recommendations for a two-stage system of prior parliamentary scrutiny of arms export licence applications, proposed gifts should automatically be notified to the Committee in Stage 2 (in which comprehensive details of the proposed transfer are provided). All licences granted and transfers made through gifting military equipment should be clearly identified as such within the Government Reports.

In a welcome move, Section 2 of the Annual Report for 2003 carries a Table of Items of Military Equipment gifted by the Government during financial year 2003/4 (Table 7) which lists transfers of items gifted to foreign governments by the UK Government. However, since UK export control legislation does not bind the Crown, the Government is maintaining its position that no licence is required for transfers of strategic goods transferred as gifts.

In its report of May 2004 the QSC asked the Government if it was in the habit of considering denial notifications issued under the EU Code in advance of making a decision on gifting or other government-to-government transfers.¹¹ The Government replied by stating that denials are only issued under the EU Code in circumstances where goods are licensable;¹² this situation would therefore not arise with regard to the gifting of strategic goods. Nevertheless the Government has asserted that, in future, they will “check to see if an essentially identical transaction has been denied by another member state before approving a gift; if it has we will consult the denying state informally to inquire further into the reasons for its denial, and take this information into account in our decision”.

The Government’s undertaking, to consider denial notifications issued under the EU Code when considering proposed gifts of strategic goods, is welcome. However the gifting of military equipment is not the only scenario when arms are transferred from the UK without an export licence having been sought or granted. Accordingly, the Government should extend its pledge to cover all types of transfer which are not formally subject to the licensing process. Moreover, where the Government considers and then decides against a gift or another type of non-licensed transfer, which would not be classed as a denial notification under EU Code rules, the Government should take steps to inform its EU partners of this decision.

It must be stated that, even if the Government were to adopt the aforementioned recommendations, this does not alleviate Saferworld’s core concern in this regard, namely that all transfers of equipment from UK jurisdiction or ownership should be subject to an export or trade licensing requirement which involves rigorous assessment against the Consolidated Criteria.

New Reporting Requirements: Framework Agreement (FA)

In the previous Audit we argued that it is essential that the Government provide much more information on Global Project Licences (GPLs) than is currently set out under OIELs. In Saferworld’s view, a minimum level of information on GPLs would include:

- *a brief description of the purpose of the project, i.e. what is to be produced through the collaboration;*
- *the role of the UK (companies) in the project;*
- *the other “state parties” (FA partners) participating in the project, and their respective levels (in percent) of participation;*
- *a comprehensive description of all goods to be transferred under GPLs, including Military List Ratings;*
- *the countries where the finished products will be assembled (from which, under the terms of the FA, they will be exported, and from which export licences will therefore be required);*
- *the agreed list of countries (White List) approved as prospective recipients of the finished products, and those countries proposed for the White List but refused;*
- *comprehensive information (including quantities) on deliveries of the finished products to the country-recipients.*

In terms of reporting on strategic exports, GPLs issued under the Framework Agreement (among France, Germany, Italy, Spain, Sweden and the UK) are referred to for the first time in Section 2 of the 2003 Annual Report. Here the Government states that GPLs are treated as a special category of OIELs and that one GPL was issued in 2003 to France. However, an examination of the France country entry in Section 2.7 provides no indication of which of the 137 OIELs listed constitutes the sole GPL. It seems, therefore, that as well as treating the GPLs as a form of OIEL, as far as licensing is

¹¹ HC 390, para. 67.

¹² *Response from the Secretaries of State 2004*, para. 12.

concerned, the Government is reporting on GPLs and OIELs in such a way as to make them indistinguishable. Thus, in terms of enabling Parliament and the public to assess the impact of the Framework Agreement on UK strategic exports, this has to be considered a major failing.

Beyond this, the Government has provided no indication of any progress that has been made in discussions with FA partners on the possibility of disclosing agreed export destinations for the final product under each collaborative project, as it pledged to do.¹³

As GPLs are tied to specific manufacturing agreements with an agreed list of possible destinations (White Lists) for the finished product, Saferworld believes that the Government could and should provide much more information on GPLs than they do on OIELs. Indeed it is not clear why the Government does not seem prepared even to indicate which OIELs are in fact GPLs. Beyond this, Saferworld believes that listing GPLs under the FA partner paints a misleading picture, since this partner will be merely an interim destination, prior to the export of the final product. Saferworld agrees with the QSC that once a contract has been agreed with a country on the White List of destinations identified under each collaborative project, the Government should publish this information in the Annual Report.¹⁴

New Reporting Requirements: The Trade in Controlled and Restricted Goods

In the previous Audit we argued that for Standard Individual Trade Control Licences (SITCLs), a minimum level of information for provision in the Annual Report should include:

- *location of applicant at the time of application*
- *location and identity of consignee(s)*
- *name of ultimate end-user(s) (if different from consignee)*
- *location of ultimate end-use of the goods*
- *intended end-use of the goods*
- *full description of goods to be transferred, including quantities*
- *value of goods to be transferred*
- *location of goods prior to transfer*
- *mode(s) of transfer*
- *transportation route*

We suggested that this information would most usefully be lodged under the country sections within the Annual Report according to the final destination of the goods to be transferred. Alternatively, a separate section on brokerage licences granted could be established. Where the information – such as the transportation route – is not available at the time the application is made, we urged that the applicant should be required to provide this within a specified time-frame and that, when available, this information should then be published online.

Although, in terms of the trade in controlled goods, activities relating to financing, transportation and insurance are currently not licensable, in the interests of transparency and accountability, Saferworld urged that, as part of the licensing of the trade in both controlled and restricted goods, the Government solicit information concerning the transportation, finance and insuring of individual transactions. There is evidence to suggest that the same operators are involved in both illicit and authorised transfers and so compiling information of this type with regard to authorised transactions is thus likely to shed light on the murkier side of the trade.

¹³ QSC, *Strategic Export Controls: Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny, Response of the Secretaries of State for Defence, Foreign and Commonwealth Affairs, International Development and Trade and Industry*, September 2003, Cm 5943, para. 39, http://www.fco.gov.uk/Files/kfile/CM5943_120903.PDF.

¹⁴ QSC, *Strategic Export Controls: Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny*, May 2003, HC 474, para. 160, <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmcaff/474/47402.htm>.

The first licences concerning the brokering of controlled goods (SITCLs and Open Individual Trade Control Licences – OITCLs) were granted from May 2004. However, the level of information provided on Trade Control licences in the second Quarterly Report for 2004 is extremely poor. While the information is carried in a separate section, it merely extends to the number of SITCLs and OITCLs granted. Although it is understood that the Government intends to provide more information relating to licences for the trade in controlled goods in the Annual Report on Strategic Exports, along the lines of that provided for OIELs, it is not clear why this information could not be provided electronically on a quarterly basis.

Furthermore, the Government has decided to organise the information on trade control licences issued according to the country of origin of the goods, with the destination listed beneath each source. It is not clear why this arrangement has been favoured, particularly when Parliament and the public are primarily interested in the destination of the controlled goods and in the operation of Government licensing policy in this regard.

Saferworld would urge the Government to provide comprehensive information on Trade Control Licences on a quarterly basis (as recommended previously) and to organise this information according to the final country destination of the goods.

Reporting on SIELs

In the previous Audit we listed a range of ongoing concerns relating to reporting on SIELs:

- *information on Military List categories should be reinstated in the Annual Report*
- *the Government should disclose the maximum quantity of equipment that can be exported on a SIEL*
- *the Government should disclose the maximum value of each SIEL issued*
- *a basic description of the end-user of each SIEL should be provided*
- *for each SIEL, a “statement of end-use” should be provided, including whether the goods are part of a larger contract, part of a licensed production agreement, intended for a specific purpose (eg for hospital X-ray machine), or for incorporation into another product including details of its final destination/end-use.*

In Section 2 of the 2003 Annual Report the Government states that data provided on SIELs does not “cover applications from which specific goods were removed before a licence was issued”. This could be interpreted as meaning that no part of any licence application that is subject to amendment is reported upon. If this were the case, concerns would arise that exports are being licensed, possibly to sensitive end-users, which are not being reported upon. The first and second Quarterly Reports, however, paint a slightly different picture stating that “the SIELs data does not cover goods that were removed from an application before a licence was issued” suggesting that licences which are subject to amendment are, in fact, reported upon.

Whilst numbers of small arms licensed for export have been given for several years, there are no similar provisions relating to components of small arms – which could be intended for the large-scale manufacture of small arms – or for other weapons systems. From the information provided in the Annual and Quarterly Reports, the UK trade in small arms components appears sizeable. It is therefore important that this trade, which raises similar concerns to the trade in complete small arms and light weapons, is subject to a comparable level of scrutiny. Also, if it is possible to provide numbers of small arms without harming commercial confidentiality and without prompting an outcry from recipients, there would appear no logical reason why a similar amount of information could not be provided in relation to other weapons systems and related components.

The Government should clarify that it is reporting on all SIELs granted – even if the licences that are granted differ in some way from the original application. The Government should also expand the practice of giving numbers of SALW licensed for export to include SALW components and to other complete systems and components therefor.

Reporting on Denials/Refusals and Revocations

In the previous Audit we argued for detailed information to be provided on each application refused or revoked, including the reason for refusal or revocation.

In the 2003 Annual Report and the first two Quarterly Reports for 2004 the Government continued its practice of providing only Military List ratings for licences refused or revoked. In addition, as with previous years, Table 1 of Section 2 of the 2003 Report gives an aggregate of the number of licences refused under particular criteria/concerns; this information is of little analytical value and conveys very little regarding the implementation of UK export control policy. It is not clear why the UK Government provides so little information concerning export licence refusals, particularly when an EU partner Government – that of the Netherlands – provides comprehensive information relating to denials issued under the EU Code in its Annual Report on Arms Exports.¹⁵

Saferworld regards the information currently provided on licences refused as inadequate for the effective scrutiny of export control policy. At a minimum, Saferworld would urge the Government to provide, under each country entry in Section 2.7, the grounds for each refusal alongside the rating for each licence refused and, unless there are compelling reasons for confidentiality, a summary description of the goods. In addition, where the relevant partner government does not raise any objection, the Government should provide Parliament and the public with information regarding the outcome of any consultations on denials issued under the EU Code that were entered into by the UK.

Conclusion

In conclusion, while it is encouraging to see continued progress in the development of transparency and accountability in UK arms exports, there are still a number of pressing issues in need of attention from the Government. The continued reluctance to systematically to provide even limited information on end-use, for example, is difficult to rationalise, particularly when it is considered that the Government has taken steps to clarify the end-use of certain chemicals and of body armour. While the change to Quarterly Reporting is most welcome, it is nevertheless disappointing to note that in some instances (such as reporting on the trade in controlled and restricted goods) the Government has fallen short of providing full details in these reports. While Saferworld appreciates that there has been progress in reporting on strategic export controls, it is clear that in some areas a step-change in approach is required. Saferworld hopes that the Government will be able to muster the political will in order to complete the task of creating a fully transparent and accountable export control system.

¹⁵ See, for example, *Annual Report: The Netherlands arms export policy in 2001*, p. 31, http://www.nisat.org/Export_Reports/Netherlands%202001%20English/Netherlands%20Annual%20Report%202001%20English.pdf.

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The Audit – Export Licences of concern

Introduction

IN PREVIOUS AUDITS, section 3 has focussed on “trends and issues” in UK arms export controls, many of which were discussed in the context of implementing the UK Consolidated Criteria. Section 4, on the other hand, set out a detailed analysis of the full range of concerns that were relevant to considering the advisability of UK arms exports to a specified list of countries.

In this shorter version of the Audit, we have sought to combine the above approaches into one revised section 3. In an effort to make our analysis more concise and user-friendly, we have taken a more focussed approach in our assessment of UK arms export policy, pinpointing those cases that have given us greatest concern. Accordingly, on this occasion, we have carried out our analysis on a criterion-by-criterion basis¹ focussing, in each case, on particular countries where UK arms exports have given us cause for concern. The fact that we have concentrated on fewer examples, however, should not be taken as an indication that our concerns regarding the Government’s implementation of the UK Consolidated Criteria have abated in any significant way. Indeed, whilst our primary focus is on exports to recipients where our concerns are particularly acute, *under most of the criteria* we also set out an additional list of countries to which UK arms exports also raise significant questions under each criterion. In carrying out this analysis, Saferworld hopes that it will prompt a productive and focussed debate concerning the UK Government’s implementation of each of the Consolidated Criteria.

Criterion 1

Respect for the UK’s international commitments, in particular sanctions decreed by the UN Security Council and those decreed by the European Community, agreements on non-proliferation and other subjects, as well as other international obligations.

The UK subscribes to a number of national and international arms embargoes and sanctions regimes.² Whilst the UK Government’s overall adherence to such commitments is not in question, there are nevertheless some specific concerns that ought to be raised with regard to the implementation of the embargoes against China and Iran.

¹ Where the criteria are those set out in the UK Government Consolidated Criteria and the EU Code of Conduct on Arms Exports.

² A list of these commitments can be found each year in the *UK Annual Report on Strategic Export Controls*. For 2003, this is located in *Annex D: The United Kingdom’s International Commitments on Export Controls*, http://www.fco.gov.uk/Files/ktfile/ExportControls_AnnexesBackCover.pdf. An up-to-date list is available on the Export Control Organisation website, at <http://www.dti.gov.uk/export.control/>.

Criterion 2

The respect of human rights and fundamental freedoms in the country of final destination.

Implementation of criteria relating to human rights is often seen as one of the most politically sensitive issues in the field of arms export control. In this regard, the need to avoid exporting arms and security equipment where there is a risk of their being used for “internal repression” has become one of the most important challenges facing the government. Whilst questions could be raised with regard to the advisability of certain arms and/or security equipment exports to a number of countries including Brazil, Colombia, Egypt, Iraq, Jamaica, Jordan, Kenya, Kuwait, Morocco, Nepal, the Philippines, Russia, Saudi Arabia, South Korea, Sri Lanka, Tajikistan, Thailand, Turkey, Turkmenistan, Uzbekistan and Venezuela, we take particular issue with UK exports to Nepal, Saudi Arabia and Turkey.

Criterion 3

The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.

The end of the Cold War was marked by a significant increase in the number of internal armed conflicts being waged around the world. Fifteen years later, many such conflicts are still underway, indeed according to the most recent PIOOM assessment there were 23 High Intensity conflicts (1000+ deaths) and 79 Low Intensity conflicts (100–1000 deaths) during 2001–2002 (the latest year for which figures are available). The need to avoid fuelling internal instability and internecine warfare is therefore a major concern for the UK and partner governments. Nonetheless, questions arise with regard to the licensing of particular strategic exports to countries such as Bangladesh, Colombia, Cote d’Ivoire, Indonesia, Israel, Kenya, Morocco, Nepal, Pakistan, the Philippines, Russia, Turkey, Saudi Arabia, Sri Lanka and Venezuela. Of these, the arms and security equipment licensed for export to Colombia, Indonesia and Morocco raise particular concerns and will be reviewed in more detail.

Criterion 4

Preservation of regional peace, security and stability.

The dynamic relating to the implementation of criterion 4 is peculiar in that, in many ways, it centres on the relationship between states, rather than on one state alone. Whilst the likelihood of conflict breaking out between a recipient of UK arms and another state is a major concern, the government is also required to take into account “the balance of forces between the states of the region concerned, their relative expenditure on defence, the potential for the equipment significantly to enhance the effectiveness of existing capabilities or to improve force projection, and the need not to introduce into the region new capabilities which would be likely to lead to increased tension”. With these considerations in mind, we have approached our assessment of the Government’s implementation of criterion 4 from the point of view of the dynamics of three important and comparatively volatile regions: South Asia (India and Pakistan), China-Taiwan, and the Middle East.

Criterion 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.

Criterion 6 addresses a range of issues relating to a potential recipient's interaction with the international environment. The threat from international terrorism has emerged as a major concern for the UK and other governments, and, indeed, it is not the intention of this audit to question the UK Government's implementation of restrictions against entities that are suspected of supporting terrorist organisations. However, it is an ongoing concern of Saferworld that states that are seen as allies in the war against terror may be viewed as a more acceptable destination for UK arms than otherwise would be the case; this issue has been elaborated upon in detail in our previous two Audits.

In terms of the UK Government's implementation of criterion 6, of greatest concern to Saferworld is the application of restrictions on arms exports under international humanitarian law. One of the main reasons underlying these concerns relates to the level of restrictions that are actually embodied within the export guidelines. Despite the binding international commitment on states parties to "respect and ensure respect for" international humanitarian law, crucially, the Government is required under the Consolidated Criteria only to "take into account" a recipient's behaviour with respect to international humanitarian law. This opens up the possibility that arms could be transferred to a recipient that may use them to breach international humanitarian law. In this regard, Saferworld has potential concerns with regard to the licensing for export of strategic goods from the UK to Colombia, Indonesia, Israel and the Occupied Territories, Nepal, the Philippines, Russia and Turkey. Concerns are particularly acute with regard to Israel and the Occupied Territories, the Philippines and Russia.

Criterion 7

The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.

Criterion 7 places particular emphasis on the likelihood that strategic goods exported from the UK may be transferred to an unauthorised end-user – whether within or outside the importing country. Accordingly, when licensing the export of strategic goods, the Government is required to make a judgement whether or not to be satisfied with any end-use assurances that are given by the prospective recipient and what the potential is for the goods to fall into the wrong hands. Looking at how the risk associated with re-export or diversion is quantified, a number of factors, can be highlighted. These include whether the recipient has a history of deliberately engaging in such activities, whether government security forces or associated groups are known in the past to have misused particular types of equipment, whether the export control policy and practices of the recipient are deemed suitably robust, and whether the quantity and quality of goods for export are compatible with the defensive requirements of the recipient.

In this regard, Saferworld has raised concerns with regard to the suitability of a number of states as recipients of strategic goods from the UK – including the Channel Islands, China, Cyprus, Hong Kong Special Administrative Region, India, Iran, Jordan, Malaysia, Malta, Paraguay, Qatar, Russia, Singapore, Sri Lanka, Syria and UAE. With regard to exports licensed during 2003 and the first half of 2004, however, we have particular concerns regarding Indonesia, Iraq, Israel and Pakistan.

Criterion 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.

The way in which criterion 8 is implemented by the UK Government and its EU partners has long been the subject of debate and controversy. The failure of the EU Code and the Consolidated Criteria to elaborate, in much detail, on those factors to be considered and moreover how they should be considered represents a significant weakness. This lack of clarity may have contributed to the situation whereby the first refusal of a UK export licence based solely on sustainable development grounds was made in 2003, despite the EU Code having been agreed nearly five years previously. Since then, it is encouraging to note that the UK Government announced that the cumulative impact of arms exports – not only from the UK but from other exporters – would be taken into account when arms export licences were being considered to poor countries.³ Moreover, steps taken by EU Member States to elaborate on a set of guidelines for interpreting the sustainable development criterion also represent a source of encouragement with regard to its effective implementation. It is to be hoped that these guidelines will shortly be agreed and made public in order to further genuine debate on this issue.

Whilst concerns arise with regard to UK arms exports to Angola, India, Jordan, Nigeria, Pakistan and South Africa, particular concerns relate to the value of strategic exports being licensed to India, Nigeria, Pakistan and South Africa.

³ Ministerial Statement, HC 310W, 26 September 2002.

Criterion 1: International commitments

China

Mainland China remained under EU arms embargo throughout 2003 and into 2004 (Hong Kong and Macau Special Administrative Region being excluded). However, the EC Council Declaration of June 1989, which followed the Tiananmen Square massacre, was cast in extremely vague terms. It called simply for an “embargo on trade in arms with China”,¹ leaving EU Member States to decide for themselves what the exact scope of the embargo should be.

Few EU Member States have set out, in any detail, their interpretation of the arms embargo on China. For its part, however, the UK Government interprets the embargo as covering:

- i) lethal weapons, such as machine guns, large calibre weapons, bombs, torpedoes, rockets and missiles;
- ii) specially designed components for the afore-mentioned and ammunition;
- iii) military aircraft and helicopters, vessels of war, armoured fighting vehicles and other such weapons platforms;
- iv) any equipment which might be used for internal repression.²

Despite this, and as the QSC Report on Strategic Export Controls of May 2004 stated, “the UK does grant licences for the export to China of significant quantities of components for military aircraft and helicopters”.³

During his appearance before the QSC in February 2004, Foreign Secretary Jack Straw stated that the purpose of the embargo was “to prevent China acquiring new systems or equipment”.⁴ It appears, nevertheless, that the Government is willing to authorise the supply of strategic items to China which provide the means to maintain its existing military capacity. Such an interpretation does, however, appear difficult to reconcile with the call in the Declaration for an “embargo on trade in arms”, moreover it ignores the prospect that UK components could be helping China to boost the *scale* of its *extant* capabilities or could be intended for use in new weapons systems that are not necessarily sourced solely from the UK.

¹ Declaration on China by Madrid European Council, 27 June 1989, <http://projects.sipri.se/expcon/euframe/euchidec.htm>.

² *UK Annual Report on Strategic Export Controls 2003*, p. 476.

³ QSC, *Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny*, 18 May 2004, HC390, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmdefence/390/390.pdf>.

⁴ *Ibid.*, Oral Evidence Taken before the Quadripartite Committee on Wednesday 25 February 2004, Ev 9.

Arms export licences to China	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	76.5	9.5	28
Number of SIELs granted (refused/revoked)	180 (14)	46 (2)	69 (3)
Number of OIELs granted (refused/revoked) with regard to China	19 (1)	3 (0)	5 (0)
Number of incorporation SIELs granted (refused/revoked)	2 (0)	0 (0)	1 (0)
Number of SITCLs granted with China as destination	n/a	n/a	1
Number of OITCLs granted with China as destination	n/a	n/a	0

The scale of export licensing of controlled goods to China is considerable and increasing. The value of SIELs has gone from £32 m in 2001, to £50 m in 2002, to £76.5 m for 2003, with £37.5 m worth of SIELs approved in the first half of 2004. Over the same period, the number of permanent OIELs granted for which China is a newly included destination have also been significant: 10 in 2001, 24 in 2002, 14 in 2003 and 6 in the first six months of 2004. Included among the items licensed for export since the beginning of 2003 have been **technology for the production of combat aircraft, components for electronic warfare equipment and components for unmanned air vehicles**, all of which could be capable of contributing toward and potentially boosting China's offensive capacity.

Regardless of the nature of the equipment, however, to licence a total of £114 m worth of SIELs and include China in the coverage of 20 OIELs from January 2003 to June 2004 is not consistent with the UK's commitments under criterion 1, and it is unclear how this could be in accord with the political aim of the EU arms embargo to bring pressure to bear on Beijing to improve its human rights record.

Licences of greatest concern under criterion 1

SIELs 2003: Components for electronic warfare equipment, components for ground based radars, components for military aero-engines, components for military utility helicopters, military firing sets, technology for the production of combat aircraft and technology for the use of military aero-engines, components for military utility helicopters, components for unmanned air vehicles, military aero-engines, military utility vehicles, technology for the production of military utility helicopters.

OIELs 2003: Components for radar equipment, components for ground based radars.

SIELs January–March 2004: Castings for military aero-engines

SIELs April–June 2004: Components for combat aircraft, components for firing sets, general military aircraft components, military firing sets, weapon sights.

OIELs April–June 2004: Components for ground based radar, technology for the use of ground based radar.

Iran

Currently a UK arms embargo is in place against Iran that covers all goods and technology on the Military List as well as items entered in category O (Nuclear List) in Annex 1 of EC Regulation 1334 of 28 September 2000. Exceptions to this are: goods essential for the safety of civil aircraft and air traffic control systems; and radioactive material in the form of sources for medical equipment and deuterium-labelled compounds for medical use. Licences are not approved for any equipment where there is knowledge or reason to suspect that it would go to a military end-user or be used for military purposes. Furthermore, the UK prohibits the export, without a licence, of

certain dual-use goods.⁵ Details of these goods are listed in the Dual-Use Items (Export Control) Regulations 2000, as amended.⁶

The arms embargo on Iran has been in place since 1993, when it was established due to concerns over Iran's military build up and in response to the "Arms to Iraq" inquiry.

Arms export licences to Iran	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	545	1.5	1.5
Number of SIELs granted (refused/revoked)	170 (26)	24 (9)	30 (8)
Number of OIELs granted (refused/revoked) with regard to Iran	3 (0)	2 (0)	1 (0)
Number of incorporation SIELs granted (refused/revoked)	0	0	0
Number of SITCLs granted with Iran as destination	n/a	n/a	0
Number of OITCLs granted with Iran as destination	n/a	n/a	0

For the year 2003 the value of licences for export to Iran was a staggering £545m – up from £11m in 2002. The UK Annual Report for 2003, however, explains that over 90 percent of this value was for two licences for civil aviation goods. Nonetheless, even taking this into account, there remains as much as £54.5m worth of the SIELs granted for other types of strategic goods including **components for marine engines** and **imaging cameras** in 2003. It may be that these other licences also relate to goods that fall outside the scope of the embargo, but without greater detail on the nature of the exports and a description of the end-user it remains difficult to assess whether the UK is in this instance meeting its commitments under criterion 1.

Licences of greatest concern under criterion 1

SIELs 2003: components for marine vessels, components for optical equipment, imaging cameras, lightweight aircraft, optical equipment, software for the use of optical equipment.

SIELs January–March 2004: components for marine engines, electronic components, equipment for the use of imaging cameras, imaging cameras, software for the use of imaging cameras.

OIELs January–March 2004: components for military aero-engines.

⁵ Ministerial Statement, 1 March 1993, Official report cols 237–274.

⁶ Ministerial Statement, 3 July 2000, HC 3W.

Criterion 2: Human rights

Nepal

The Communist Party of Nepal (CPN-Maoist) has waged a ‘People’s War’ against the Government since 1996, on the grounds of a perceived lack of governmental accountability and subsequent financial, political and social inequity.¹ Over the last several years, the fighting has at times been intense.

A cease-fire between the Government and the CPN was declared on 29 January 2003. In March both sides agreed to observe a “Code of Conduct” that contained several human rights provisions.² Two rounds of peace talks between the Government and the CPN took place in April and May 2003 to discuss key issues, including the Code’s implementation.³ However negotiations were stalled by the resignation of Prime Minister Lokendra Chand on 30 May 2003 and despite the ceasefire, reports of extra-judicial executions by the security forces continued, culminating in the massacre in the eastern village of Doramba on 16 August 2003, in which government forces arrested and summarily executed two civilians and 19 Maoists.⁴ The third round of peace talks collapsed 3 days later and the ceasefire ended on 27 August.⁵ According to the FCO, more than 17,000 people have been killed since the resumption of hostilities, leading to a human rights crisis.⁶ On 13 October 2003, the army fired indiscriminately at a group of students attending a cultural program organized by the Maoists in the Doti district. Four students, including three minors, were shot dead.⁷ Several hundred people have been arrested and held under the Terrorist and Disruptive Activities (Control and Punishment) Act, which allows for preventive detention for up to 90 days.⁸

Torture and ill-treatment of detainees in the custody of the Royal Nepalese Army (RNA), Armed Police Force (APF) and civilian police have been reported regularly by Amnesty International.⁹ Disappearances have been reported throughout the country. In almost all cases, the “disappeared” persons were last seen in the custody of government security forces.¹⁰ 150 people are reported to have “disappeared” after arrest during counter-insurgency operations by the security forces in Kathmandu and other

¹ Armed Conflict Database, (IISS), <http://acd.iiss.org/armedconflict/mainPages/dsp_ConflictSummary.asp?ConflictID=175>.

² *Amnesty International Report 2004: Nepal*, (Amnesty International), <<http://web.amnesty.org/report2004/npl-summary-eng>>.

³ *Ibid.*

⁴ *Human Rights Watch World Report 2003: Nepal*, (Human Rights Watch), <<http://hrw.org/english/docs/2004/10/07/nepal9452.htm>>.

⁵ *Op cit*, Armed Conflict Database.

⁶ *FCO Annual Report on Human Rights 2004*, (FCO), <<http://www.fco.gov.uk/Files/kfile/FINALversion2edited%20Complete.pdf>>.

⁷ *Op cit*, *Amnesty International Report 2004: Nepal*.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Op cit*, *Human Rights Watch World Report 2003: Nepal*.

districts; among them were seven women.¹¹ According to the United Nations, Nepal is considered to be among the world's prime locations for forced disappearances.¹²

The UK government continues to assign funds to Nepal from the Global Conflict Prevention Pool. Included are initiatives for: training and supporting a human rights cell of the RNA to investigate allegations of abuses, police reform, and aid for victims on both sides of the conflict.¹³

Saferworld evaluation: systematic/serious human rights violations

Arms export licences to Nepal	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	1	0	0.5
Number of SIELs granted (refused/revoked)	4 (1)	0 (3)	4 (0)
Number of OIELs granted (refused/revoked) with regard to Nepal	1 (0)	0 (0)	2 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted with Nepal as destination	n/a	n/a	0
Number of OITCLs granted with Nepal as destination	n/a	n/a	1

Military equipment gifted by the Government during financial year 2003/04

Explosive Ordnance Detail (bomb disposal)	£589,185
Tactical radios	£272,483
Infrastructure work for UN Peacekeeping center at Panchkal (Nepal)	£400,000

In January 2004, it emerged through the Nepalese press that an official at the British Embassy in Kathmandu had announced plans to gift two second-hand Short Take Off and Landing (STOL) aircraft to the RNA to assist in 'offensive operations.'¹⁴ The gift was to be funded through the Global Conflict Prevention Pool, and follows the gifting of two Russian-made military helicopters in 2002 from the same fund. In their scrutiny of UK licensing decisions, the QSC stated in 2004 that it was 'somewhat perverse to pay for military equipment intended to assist in offensive operations from a fund supposedly dedicated to preventing conflict.'¹⁵

Saferworld agrees with the QSC assessment and further believes that such items should not be gifted or transferred to the Nepalese Government under the current circumstances. In light of the serious/systematic human rights violation in Nepal, under Criterion 2, Saferworld would expect a full prohibition on the export of police and military equipment and major conventional weaponry which has obvious application for repression and/or could be used to facilitate human rights violations.

Licences of greatest concern under criterion 2

SIELs 2003: combat shotguns (1)

SITLs 2003: combat shotguns (1), components for combat shotguns, small arms ammunition

SIELs April–June 2004: body armour

Note: Also of considerable concern is the decision to gift STOL aircraft

¹¹ Op cit, *Amnesty International Report 2004: Nepal*.

¹² Op cit, *Human Rights Watch World Report 2003: Nepal*.

¹³ Op cit, *FCO Annual Report on Human Rights 2004*.

¹⁴ Quadripartite Committee, *Select Committee on Defence – Fourth Report, 2003–04*, (House of Commons), point 76.

¹⁵ Ibid.

Saudi Arabia

In 2003 there was a strengthened commitment by the ruling Saudi monarchy to engage fully in the ‘war on terrorism’, particularly in light of the terrorist bombing of a Riyadh residential area on 12 May 2003, which killed 35 people and injured hundreds more.¹⁶ However this has resulted in more human rights abuses taking place, as state security forces employed tougher measures for the purpose of “combating terrorism”.¹⁷ Security forces have embarked on house raids which have resulted in the deaths of dozens of people, and many of which have led to armed clashes. Hundreds of suspected religious activists, critics of the state and protestors have been arrested and detained. Human rights abuses have reportedly continued within prison with allegations of torture and ill-treatment.¹⁸

More generally, the Government’s human rights record remains poor. The *Mutawwa’in*, or religious police, under the authority of the *Committee to Prevent Vice and Promote Virtue*, harassed and arbitrarily arrested those citizens and foreigners it believed were “promoting vice” and held them for weeks or months without trial.¹⁹ According to the US State Department, Saudi security forces committed acts of torture and abuse of detainees and prisoners, made arbitrary arrests, and held those arrested in incommunicado detention.²⁰ Ministry of Interior officials are accused of beating, whipping, suspending from bars with handcuffs, and using sleep deprivation to secure confessions from, detainees.²¹ The FCO estimated that in 2003 the Saudi authorities executed about 52 people – ‘one of the highest figures for any country in the world.’²² In addition, foreigners – who make-up about one third of Saudi’s entire population – face regular abuse, including torture, forced confessions and unfair trials when they are accused of crimes.²³ Foreigners have reportedly been forced to sign confessions they could not read, have been denied consular visits, and in some cases have been beheaded, only after which have the relevant embassies and families been informed.²⁴

Saferworld evaluation: serious/systematic human rights violations

Arms export licences to Saudi Arabia	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	17	5	1.5
Number of SIELs granted (refused/revoked)	63 (1)	24 (0)	15 (0)
Number of OIELs granted (refused/revoked) with regard to Saudi Arabia	74 (0)	10 (1)	17 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted (with Saudi Arabia as destination)	n/a	n/a	2
Number of OITCLs granted (with Saudi Arabia as destination)	n/a	n/a	1

Government-to-government transfers of equipment between 1 January and 31 December 2003²⁵

Components and spares for aircraft and their engines
 Components for naval vessels and their systems
 Components for ground based radar systems
 Components for simulators

¹⁶ *Amnesty International Report 2004: Saudi Arabia* (Amnesty International), <http://web.amnesty.org/web/web.nsf/print/2004-sau-summary-eng>.

¹⁷ *Ibid.*

¹⁸ *US Department of State Country Reports on Human Rights 2003: Saudi Arabia* (US Department of State), <http://www.state.gov/g/drl/rls/hrrpt/2003/27937.htm>.

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ *Ibid.*

²² *FCO Annual Report on Human Rights 2004* (FCO), <http://www.fco.gov.uk/Files/kfile/FINALversion2edited%20Complete.pdf>.

²³ *Human Rights Watch World Report 2003: Saudi Arabia* (Human Rights Watch), http://hrw.org/english/docs/2004/07/15/saudia9061_txt.htm.

²⁴ *Ibid.*

²⁵ Quantities of equipment are only provided for whole systems.

The position of Saudi Arabia as one of the key battleground states in the ‘war on terrorism’ raises the prospect of the UK Government transferring equipment so as to assist the Saudi Government’s fight against insurgents. Nevertheless, given the dire human rights situation in the country, under criterion 2, Saferworld would expect a prohibition on the transfer of police and military equipment with obvious application in internal repression. Additionally, Saferworld believes that, at the very least, a presumption of denial should operate with regards to major conventional weaponry that could be used to facilitate human rights abuses. In this regard, Saferworld is concerned by the high level of open licences of this nature from January 2003 to June 2004.

It should be remembered, however, that licensed transfers to Saudi Arabia are dwarfed by unlicensed exports made under the government-to-government *Al Yamamah* deals (the first of which was signed in 1986). For the period 1999 to 2003, SIELs to Saudi Arabia were worth a total of £70.5 m, the reported value of exports for the same period was worth a total of £595.42 m (£189 m in 2003). Moreover this reported exports figure is itself likely to be a considerable underestimate, as the UK system for reporting on the value of defence equipment deliveries tends to underestimate figures for some military aircraft and parts, military radio and radar apparatus, optical equipment, and types of military simulators.²⁶

This lack of data is a significant failing. It is impossible to assess the nature and level of equipment being exported to Saudi Arabia under *Al Yamamah* and, as such, it is unclear what – if any – consideration is given to the EU Code of Conduct which was established 12 years after the deal was signed. Saferworld believes that information on *Al Yamamah* or any other government-to-government deal should be included as an additional sub-section under the country entry in the Annual and Quarterly Reports and it should contain the same level of detail as licenses granted (see also section 2).

Licences of greatest concern under criterion 2

SIELs 2003: assault rifles (3), shotguns (27), small arms ammunition, submachine guns (237), heavy machine guns (100), semi-automatic pistols (452)

OIELs 2003: pistols, rifles, semi-automatic pistols, submachine guns, general purpose machine guns, armoured all wheel drive vehicles, machine pistols.

SIELs January–March 2004: body armour, sniper rifles (101), small arms ammunition, components for heavy machine guns

OIELs January–March 2004: small arms ammunition, sporting gun ammunition, components for artillery fire location equipment, shotguns, rifles

OIELs April–June 2004: components for armoured fighting vehicle, components for tanks

Turkey

Turkey’s goal of EU membership has, in recent years, led to a number of positive human rights developments. This continued in 2003, during which four harmonisation packages entered into law, on 11 January, 4 February, 19 July and 7 August.²⁷ New legislation included provision for the removal of certain regulations that had contributed to impunity for torture, and the possibility of a retrial for those whom the European Court of Human Rights ruled had suffered a violation of human rights as a result of a court ruling in Turkey.²⁸

²⁶ For a description of the weaknesses of the official calculation of defence exports data, see Chalmers M, Davies N, Hartley K & Wilkinson C, ‘The Economic Costs and Benefits of UK Defence Exports’ 2001 (University of York), p. 6, http://www.york.ac.uk/depts/econ/research/documents/defence_exports_nov01.pdf.

²⁷ *Amnesty International Report 2004: Turkey* (Amnesty International), <http://web.amnesty.org/report2004/tur-summary-eng>.

²⁸ *Ibid.*

Despite this, torture and ill treatment in police detention remained a grave concern with regular reports of detainees stripped naked, sexually harassed and denied adequate sleep.²⁹ Children have also been subject to beatings while in police detention.³⁰ Disproportionate use of force by police during demonstrations was also reported, with “unrecorded detention” cited as a particular concern.³¹ Security forces reportedly killed 43 persons during 2003 and, despite the developments in human rights legislation, the light sentences imposed on police and security forces for such killings and torture “continued to foster a climate of impunity”.³²

Human rights abuses continued to be committed in the context of the ongoing conflict between the Government and the Kurdish Freedom and Democracy Congress (KADEK) and its military wing, the Peoples Defence Force (HSK).³³ In 2003, 12 civilians, 19 members of the security forces and 71 people described as terrorists died as a result of armed clashes.³⁴ Moreover, there have been records of increasing violations and atrocities against Kurdish villagers, including electric shocks, beatings, rape, execution of captured Kurdish guerrillas and the mutilation of their bodies with their remains left in the street by the army.³⁵ Thousands of people remain displaced and although Government projects are in place to return villagers back to their homes³⁶, reports as recently as July 2004, show that villagers are once again being expelled from their homes or forced to evacuate as a result of renewed violence.³⁷

Saferworld evaluation: serious human rights violations

Arms export licences to Turkey	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	129.5	3.5	2.5
Number of SIELs granted (refused/revoked)	124 (0)	24 (0)	27 (0)
Number of OIELs granted (refused/revoked) with regard to Turkey	76 (0)	14 (0)	30 (0)
Number of incorporation SIELs granted (refused/revoked)	5 (0)	0 (0)	0 (0)
Number of SITCLs granted (with Turkey as destination)	n/a	n/a	0 (0)
Number of OITCLs granted (with Turkey as destination)	n/a	n/a	0 (0)

Since 1999 (when public information on the value of SIELs and number of OIELs was made available) Turkey has been a significant customer of UK arms exports. The value of SIELs has totalled £563.30 m and the number of OIELs 367. Indeed Saferworld would argue that the scale of UK arms exports to Turkey over the past few years is not commensurate with the human rights situation over the same period.

Given the poor human rights record of the Turkish Government therefore, under criterion 2, Saferworld would expect a prohibition on the export of military, security and police equipment that has obvious application in human rights abuses. In addition, a presumption of denial should operate against other specific categories of major conventional weapons which could be used to facilitate human rights abuses.

Licences of greatest concern under criterion 2

SIELs 2003: components for general purpose machine guns, components for combat helicopters, components for heavy machine guns

²⁹ Ibid.

³⁰ US Department of State Country Reports on Human Rights 2003: Turkey (US Department of State), <http://www.state.gov/drl/rls/hrrpt/2003/27869.htm>.

³¹ Op cit, Amnesty International Report 2004: Turkey.

³² Op cit, US Department of State Country Reports on Human Rights 2003: Turkey.

³³ Ibid.

³⁴ Ibid.

³⁵ Ronayne M, 'Turkey's human rights abuses need addressing,' The Irish Times, 28 September 2004, http://www.globalwomensstrike.net/English2004/irish_times.htm.

³⁶ Human Rights Watch Briefing Paper, 'Last chance for Turkey's displaced?' (Human Rights Watch), 4 October 2004, <http://hrw.org/backgroundunder/eca/turkey/2004/10/>.

³⁷ Ibid.

OIELs 2003: assault rifles, machine pistols, general purpose machine guns, components for armoured personnel carriers, training small arms ammunition, smoke hand grenades, munition fuzes, armoured all wheel drive vehicles, components for combat aircraft, crowd control ammunition, tear gas/irritant ammunition, components for combat helicopters

SIELs January–March 2004: body armour, components for electronic warfare equipment (2), components for military small arms training equipment

OIELs January–March 2004: components for air to surface missiles, body armour, bomb suits, ballistic shields, components for military aircraft

SIELs April–June 2004: general military vehicle components, shotguns, sporting gun ammunition, toxins, components for large calibre artillery

OIELs April–June 2004: gun silencers, heavy machine guns, components for heavy machine guns, components for combat aircraft, components for combat helicopters, components for armoured fighting vehicles

Criterion 3:

Internal situation

Colombia

IISS ARMED CONFLICT DATABASE

Internal Armed Conflict (Active)

Colombia (FARC, ELN and AUC 1963–): State Parties: Colombia Government;

Non State Parties: Autodefensas Unidas de Colombia (AUC), Ejercito de Liberacion Nacional (ELN), Fuerzas Armadas Revolucionarias de Colombia (FARC)

Fatalities 2003: <3,000

According to PIOOM, Columbia suffers from one high intensity conflict (more than 1,000 deaths per year) between the Government and various left-wing guerrilla groups.

On 30 June 2003, Colombian President Alvaro Uribe announced his latest strategy to defeat all rebel groups by aggressively striking against them on the military, economic and judicial fronts.¹ A year later, a comparison study was published between the security situation in the first quarter of 2004 and that of the same period in 2003.² The number of Public Force operations against outlawed armed groups was reported as having increased by 10 percent with 542 attacks launched between January and April 2004. Operations against paramilitary groups had more than tripled.

Although there have been benefits to Uribe's hard-hitting stance – such as the creation, for the first time, of law-enforcement agencies in 150 municipalities – the biggest effect without doubt has been on the civilian population who continue to bear the brunt of the armed conflict.³ The UN has described the country as by far the biggest humanitarian catastrophe of the Western hemisphere with the largest number of killings, humanitarian problems and the biggest conflict.⁴ Also, according to the FCO, Colombia is one of the most dangerous countries in the world. In 2003, there were 2,200 kidnappings and 20,000 murders. Of the latter, 10–15 percent were considered to be politically motivated.⁵

Before Uribe announced his new policy, approximately 100,000 civilians had been displaced in the first half of 2003. In the last 15 years, over 2 million people, including 800,000 children, have been displaced⁶ and 1 million of those can be attributed to the

¹ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/MainPages/dsp_ConflictSummary.asp?ConflictID=169.

² Ibid.

³ FCO Annual Report on Human Rights 2004 (FCO), <http://www.fco.gov.uk/Files/kfile/FINALversion2edited%20Complete.pdf>.

⁴ Press Briefing on Colombia by UN Emergency Relief Coordinator, Jan Egeland, 10 May 2004, <http://www.un.org/News/briefings/docs/2004/OCHABrf.doc.htm>.

⁵ Op cit, FCO Annual Report on Human Rights 2004.

⁶ US Department of State Country Reports on Human Rights 2003: Colombia.

last 3 or 4 years alone.⁷ Columbia currently has the third-highest number of internally displaced people in the world.⁸

There have been attempts to find peaceful solutions to the conflicts. For example, on 16 July 2003 the Government and the United Self Defence Group of Columbia (AUC) announced that all of the group's fighters would begin disarming at the end of the year.⁹ The Marxist Revolutionary Armed Forces of Colombia (FARC) expressed willingness from July to September 2003 to meet with UN Secretary-General Kofi Annan in order to demonstrate commitment for a negotiated solution.¹⁰ However, reports persist of demobilised AUC fighters operating in certain regions,¹¹ while FARC and the Colombian government remain locked in conflict, despite FARC's ostensible commitment to work for a peaceful solution. In early 2003, the Colombian security forces increased the number of attacks against FARC. In response, FARC launched a series of operations against government officials, civilians and security forces. Between August and late October 2003, at least 40 people were killed and 70 others injured following the detonation of improvised explosive devices in the towns of Bogotá, Chita, Florencia, Medellín, Puerto Rico, San Martín and Saravena.¹² According to the US State Department, FARC were responsible for 427 unlawful killings during the first 9 months of 2003, 203 of them in massacres.¹³

Arms export licences to Colombia	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	0.5	<0.1	<0.1
Number of SIELs granted (refused/revoked)	7 (1)	2 (0)	2 (0)
Number of OIELs granted (refused/revoked) with regard to Colombia	12 (0)	2 (0)	6 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted (with Colombia as destination)	n/a	n/a	0
Number of OITCLs granted (with Colombia as destination)	n/a	n/a	0

The systematic use of explosives by FARC at the end of 2003, killing approx 40 people, reflects the devastating consequences of the high intensity conflict in Colombia. Moreover, the nature of the conflict is such that Government responses to guerrilla attacks have serious and adverse impacts on the civilian population. Saferworld is concerned that the UK government is licensing equipment such as **components for combat aircraft, components for combat helicopters** and **explosives** which might prolong armed conflict in Colombia. As a result of the internal situation, under criterion 3, Saferworld would expect there to be a selective embargo on the export of all police and military equipment with an obvious application for use in internal repression, together with a presumption of denial against the export of all other categories of equipment which could be used to facilitate internal repression.

Licences of greatest concern under criterion 3

OIELs 2003: components for combat aircraft and military training aircraft, mortar training equipment, explosives

SIELs January–March 2004: sporting rifles (1)

SIELs April–June 2004: sporting gun ammunition

⁷ Op cit, Press Briefing on Colombia by UN Emergency Relief Coordinator.

⁸ Ibid.

⁹ Op cit, Armed Conflict Database.

¹⁰ Ibid.

¹¹ For example, on 15 December 2003, the national police confirmed that a town councillor in Las Balsas, Medellín, had been killed by members, supposed to have been demobilised, of the Bloque Nutibara. *Human Rights Watch World Report 2003: Colombia* (Human Rights Watch), <http://hrw.org/english/docs/2004/01/21/colomb6978.htm>.

¹² Op cit, Armed Conflict Database.

¹³ Op cit, *US Department of State*.

OIEs April–June 2004: test equipment for large and small calibre artillery, components for combat helicopters, equipment for the use of combat aircraft, components for military utility helicopters, components for military surveillance aircraft, test equipment aircraft cannons

Indonesia

IISS ARMED CONFLICT DATABASE

Internal Armed Conflict (Peace Accord)

East Timor (1975–(2000))¹⁴: State Parties: Indonesia Government, East Timor Government;
Non-State Parties: Forcas Armadad de Liberatacao Nacional de Timor Leste (FALANTIL)
Fatalities 2003: <10

Internal Armed Conflict (Active)

Aceh (1999–): State Parties: Indonesian Government;
Non-State Parties: Gerakan Aceh Merdeka (GAM)/Angkatan Gerakan Aceh Merdeka (AGAM)
Fatalities 2003: <2,000

Internal Armed Conflict (Dormant)

Kalimantan (1997–(dormant)): State Parties: Indonesia Government;
Non-State Parties: Dayak Tribesmen, Madurese
Fatalities 2003: <10

Internal Armed Conflict (Active)

Maluku (1999–): State Parties: Indonesia Government;
Non-State Parties: Christian Maluku Sovereignty Front (FKM), Laskar Jihad, Laskar Mujahideen
Fatalities 2003: <60

Internal Armed Conflict (Active)

Papua (1965–): State Parties: Indonesia Government;
Non-State Parties: Organisasi Papua Merdeka (OPM)
Fatalities 2003: <10

The most serious of the conflicts within Indonesia remains in Aceh.¹⁵ The conflict is now over 30 years old with the insurgents led by the Free Aceh Movement (GAM) fighting for autonomy. Indonesian military forces have been deployed in the area since the early 1990s.¹⁶

An agreement reached in December 2002 to end the hostilities between the Indonesian Government and the GAM collapsed in May 2003; this was followed by a land, sea and air invasion of Aceh by the Indonesian military. A year long military state-of-emergency was declared on 19 May.¹⁷ By August 2003 there were up to 45,000 Indonesian military and paramilitary police in Aceh conducting operations against the GAM.¹⁸

On 19 May 2004, the military state-of-emergency expired and was replaced by a civil state-of-emergency. The military can continue to impose curfews on civilians, set up blockades, and detain suspects indefinitely. Although, the civil-emergency status was expected to expire on 19 November 2004, the Indonesian government announced that it would be extended for another 6 months.¹⁹

¹⁴ On 26 October 1999, Indonesia officially handed authority over East Timor to the UN Transitional Administration in East Timor (UNTAET) with transition to independence effectively beginning the following year. Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/MainPages/dsp_SelectConflict.asp?CountryID=89&RegionName=East%20Asia%20and%20Australasia&RegionID=7.

¹⁵ BBC News, 'Indonesia flashpoints: Aceh,' 27 July 2004 (BBC), <http://news.bbc.co.uk/go/pr/tr/-/1/hi/world/asia-pacific/3809079.stm>.

¹⁶ Op cit, Armed Conflict Database.

¹⁷ *Human Rights Watch World Report 2003: Indonesia* (Human Rights Watch), http://hrw.org/english/docs/2003/12/31/indone7005_txt.htm.

¹⁸ J Aglionby & M Peusangan, 'Battered people of Aceh take time out to party as Jakarta's crackdown drags on', *The Guardian*, 27 July 2004, <http://www.guardian.co.uk/print/0,3858,4736676-103681,00.html>.

¹⁹ 'Indonesia decides to maintain civil emergency in Aceh,' *China View*, 19 September 2004, http://news.xinhuanet.com/english/2004-11/19/content_2236995.htm.

Human rights organisations believe that over a thousand civilians were killed in the latter half of 2003, mainly by Indonesian security forces.²⁰ It is estimated that the violence has driven more than 40,000 people from their homes, forcing most to seek shelter in overcrowded refugee centres.²¹ In addition, officers admitted that the Tentara Nasional Indonesia (Indonesian Armed Forces) had committed 511 crimes during the period of martial law from May 2003 to May 2004, and 57 soldiers had been sentenced for serious offences including rape, theft, illegal logging, drug offences and desertion.²² Meanwhile, by the end of 2003, more than 250 people were being held hostage by the GAM.²³

In 2003 and the first half of 2004 the Indonesian Government also faced increasing levels of militancy from separatist elements based in Papua. Human Rights Watch reported that ‘low level attacks’ by the Free Papua Movement (OPM) were met by Indonesian military reprisals disproportionately targeted against civilians and suspected separatists.²⁴ The decision by the Indonesian government to divide Papua into provinces in 2003 met with local anger, already on the increase because of an influx of economic migrants and civilians escaping conflicts from other parts of Indonesia.²⁵ It was reported that “arbitrary detention, torture, disappearances, and arson are now widespread”²⁶ and that peaceful expressions of support for Papua independence are banned.²⁷

Arms export licences to Indonesia	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	12.5	5.5	3.5
Number of SIELs granted (refused/revoked)	110 (5)	41 (0)	48 (2)
Number of OIELs granted (refused/revoked) with regard to Indonesia	13 (0)	1 (0)	3 (0)
Number of incorporation SIELs granted (refused/revoked)	4 (0)	0 (0)	2 (0)
Number of SITCLs granted (with Indonesia as destination)	n/a	n/a	0
Number of OITCLs granted (with Indonesia as destination)	n/a	n/a	1

In June 2003, following a statement by a senior Indonesian military spokesman that “Scorpion vehicles will become a key part of our campaign to finish off the separatists,”²⁸ 36 UK-made Scorpion armoured vehicles were reportedly used to suppress pro-independence rebels in Aceh.²⁹ This followed previous instances of UK-made equipment being deployed in contentious circumstances within Indonesia (see the Indonesia entry under criterion 7). In addition in January 2004, *The Guardian* reported that local Indonesian television had “on several occasions” shown heavy machine guns mounted on Scorpion vehicles firing at “alleged separatist positions.”³⁰ However the UK Government has since stated that it investigated this claim but was unable to find evidence of this footage.³¹

It is of serious concern that, at a time of heavy armed conflict and continuing reports that UK equipment is being used in dubious circumstances, the UK government has granted SIELs for **body armour, components for combat aircraft** and **components for combat helicopters** as well as OIELs for **components for combat aircraft** to Indonesia.

²⁰ Op cit, J Aglionby & M Peusangan.

²¹ Op cit, Armed Conflict Database.

²² Ibid.

²³ Ibid.

²⁴ Op cit, *Human Rights Watch World Report 2003: Indonesia*.

²⁵ Ibid.

²⁶ Ibid.

²⁷ *Amnesty International Report 2004: Indonesia* (Amnesty International), <http://web.amnesty.org/web/web.nsf/print/2004-idn-summary-eng>.

²⁸ QSC, *Strategic Export Controls: Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny*, May 2004, HC 390, para. 89, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmdfence/390/39002.htm>.

²⁹ Ibid., para. 88.

³⁰ Ibid., para. 95.

³¹ QSC, *Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny, Response from the Secretaries of State for Defence, Foreign and Commonwealth Affairs, International Development and Trade and Industry*, October 2004, para. 19, <http://www.fco.gov.uk/Files/KFile/CM6357.pdf>.

In light of the high levels of instability and violence occurring across several Indonesian provinces, under criterion 3, Saferworld believes that there should be a selective embargo on the export of all military and police equipment with an obvious application for use in internal repression, and a presumption of denial of all other categories of equipment that could be used to facilitate human rights violations.

Licences of greatest concern under criterion 3

SIELs 2003: body armour, general military aircraft components, gun silencers, technology for the production of combat aircraft

OIELs 2003: components for combat aircraft, components for military training aircraft

SIELs January–March 2004: components for body armour, general military aircraft components, components for combat aircraft

SIELs April–June 2004: components for combat aircraft, body armour, technology for the use of aircraft cannons, components for combat helicopters

SIELs for Incorporation April–June 2004: components for combat helicopters, components for military aircraft communications equipment

Morocco

IISS ARMED CONFLICT DATABASE

Internal Armed Conflict (Ceasefire)

Morocco (Polisario) 1975–): State Parties: Morocco Government;

Non State Parties: Popular Front For The Liberation Of Saguia El Hamra And Rio De Oro (POLISARIO)

Fatalities 2003: 0

According to PIOOM, Morocco suffers from violent political conflict centring upon the region of Western Sahara.³² Since the 1991 ceasefire between the Moroccan government and the Popular Front for the Liberation of Saguia El Hamra and Rio De Oro (POLISARIO), a UN monitoring force has been deployed in the area. There were few instances of violence during 2003 and the first half of 2004.

Nevertheless, the stalemate continues between the Government and the Polisario Front, a situation described as “deeply frustrating” in June 2004, by the outgoing UN envoy to the region, James Baker.³³ Between January 2003 and June 2004, one or other party rejected a total of four peace plans put forward by the UN.³⁴ The Polisario Front continued to demand independence for Western Sahara, while the Government rejected proposals for self-determination for the people of the area. At various times, both sides have threatened a return to war reflecting the fragile state of relative peace in the country.

Displaced by the conflict, 412 Moroccans continue to remain in captivity in desert camps near Tindouf, south-western Algeria, while Morocco still holds 150 Saharawi prisoners of war.³⁵ Furthermore, 165,000 refugees from the Western Sahara are living in camps in the Algerian desert and the UN Secretary-General Kofi Annan has warned that the refugees may face critical problems without significant donor assistance.³⁶

On 16 May 2004, 45 people were killed in 5 separate bomb attacks in Casablanca, leading to a clampdown on suspected ‘terrorist’ activities. According to official statements, judicial proceedings were brought against over 1,500 people suspected of involvement

³² *World Conflict and Human Rights Map, PIOOM: 20001/ 2002* (PIOOM), http://www.goalsforamericans.org/publications/pioom/atf_world_conf_map.pdf.

³³ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/MainPages/dsp_ConflictSummary.asp?ConflictID=162.

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ *Ibid.*

in the May attacks or of planning or inciting other violent acts attributed to Islamists.³⁷ Dozens of those sentenced were allegedly tortured in custody to extract confessions or to force them to sign or thumbprint statements they originally rejected.³⁸

Arms export licences to Morocco	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	2	2	0
Number of SIELs granted (refused/revoked)	6 (0)	4 (0)	0 (0)
Number of OIELs granted (refused/revoked) with regard to Morocco	8 (0)	1 (0)	7 (0)
Number of incorporation SIELs granted (refused/revoked)	4 (0)	0 (0)	2 (0)
Number of SITCLs granted (with Morocco as destination)	n/a	n/a	0
Number of OITCLs granted (with Morocco as destination)	n/a	n/a	0

In 1998, the UK Minister of State for Middle East and North Africa recommended a refusal for an ELA for the refurbishment of 30 existing guns and the supply of 6 new guns for deployment in the forward areas in Morocco.³⁹ After several appeals by the arms company concerned, the application for the refurbishment of the existing guns was eventually accepted. Significantly though, the refusal for the licence of 6 new guns was maintained based on the “clear risk” that the guns could be used to “assert by force a territorial claim.”⁴⁰

In 2003 and the first half of 2004, the continuing threats of a return to war by the Government and the Polisario Front and the introduction of large-scale terrorist bombings makes a situation of peace appear particularly deceptive. In this context, Saferworld therefore views with concern the January–March 2004 SIEL and in particular the 2003 OIEL for **components for large calibre artillery**, and would appreciate reassurance that these are not for use in the Western Sahara. In addition, as the situation in that part of the country is such that Saferworld would expect a presumption of denial to operate with regard to all categories of major conventional weapons as well as police and military equipment that could be used for repression, there are concerns about a number of SIELs and OIELs issued for the export of small arms and light weapons. Indeed, Saferworld would expect the UK Government to exercise extreme caution with all ELAs for Morocco, until a permanent solution to the Western Saharan situation is found.

Licences of greatest concern under criterion 3

SIELs 2003: components for submachine guns, submachine guns (200)

OIELs 2003: assault rifles, pistols, revolvers, semi-automatic pistols, submachine gun rifles, sniper rifles heavy machine guns, shotguns, mortars, components for large calibre artillery, shotguns (2).

SIELs January–March 2004: components for large calibre artillery, shotguns (2). Under temporary licence: assault rifles (102), semi automatic pistols (25)

OIELs April–June 2004: components for military aero-engines, components for military transport aircraft, military aircraft ground equipment

³⁷ *Amnesty International Report 2004: Morocco* (Amnesty International), <http://web.amnesty.org/report2004/mar-summary-eng>.

³⁸ *Ibid.*

³⁹ QSC, *Strategic Export Controls: Annual report for 1999 and parliamentary prior scrutiny*, 14 March 2001, HC 212, Appendix 10, <http://www.publications.parliament.uk/pa/cm200001/cmselect/cmfaff/212/212apf22.htm>.

⁴⁰ *Ibid.*

Criterion 4: Preservation of regional peace, security and stability

China and Taiwan

Tensions between China and Taiwan remain following the re-election of Taiwanese President Chen Shui-bian in March 2004. The Chinese government has been very critical of Chen and his Democratic People's Party for their pro-independence leanings. Mr Chen has vowed constitutional reform by 2006 to "modernise Taiwan's political institutions and enshrine certain rights"¹ and has stated that Taiwan is an "independent and sovereign country".²

Chinese officials reacted angrily to Mr Chen's inauguration speech in which he said the drawing up of a new constitution would not include a referendum for independence, arguing instead that changing the constitution itself was a means whereby Taiwan would move towards independence.³ A spokesman for China's Taiwan Affairs Office criticised Mr Chen's speech saying "Chen Shui-bian has shown no sincerity to improve relations" and went on to add that China would "thoroughly crush schemes for Taiwan independence".⁴

China's unflinching policy towards Taiwanese independence was underlined by the publication of a White Paper in February 2000. This paper set out the conditions that could precipitate Chinese military intervention. The first condition, that Taiwan declared independence, was a long-held state policy. In addition, however, the White Paper also pointed to a decision by Taiwan to indefinitely delay unification negotiations as a possible catalyst for conflict.⁵

Earlier in 2004 both Taiwan and China had been trying to use their respective militaries to ratchet-up the pressure on each other. A Pentagon report from June 2004 said that China had deployed more than 500 short-range ballistic missiles along its coastline opposite Taiwan while China would also be undertaking war games in June and July on Dongshan Island, which is only 150 nautical miles from Taiwanese

¹ 'Chen vows constitutional reform' *BBC News*, 30 March 2004, <http://news.bbc.co.uk/1/hi/world/asia-pacific/3581407.stm>.

² *Ibid.*

³ *Ibid.*

⁴ 'China attacks Chen speech' *BBC News*, 24 May 2004, <http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/asia-pacific/3741499.stm>.

⁵ FCO, 'Country Profiles – China', <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&cid=1007029394365&a=KcountryProfile&aid=1018965313021>.

territory.⁶ Taiwan has also been raising the pressure by insinuating that it potentially is looking to acquire weapons capable of attacking targets within China, such as the Three Gorges dam, as a form of deterrence.⁷

With many analysts predicting that China's military build-up will mean that between 2006–2008 it will be in a position to retake Taiwan by force, not only is it increasing the number of ballistic missiles aimed at Taiwan by 75 a year, China raised its defence budget earlier this year by 12 percent and has spent billions of dollars procuring Russian SU-27 and SU-30 fighter jets, submarines and destroyers and has made technological advances in the areas of special operations and electronic warfare.⁸ In response to these developments the Taiwanese defence budget will increase from \$7.5 bn in 2004⁹ to \$10 billion in 2005¹⁰, with an additional special budget of \$18 billion, agreed in 2001, to purchase submarines, patriot missiles and Orion surveillance aircraft from the US in the wake of China's growing strength.¹¹

With Mr Chen hoping to hold the proposed referendum by 2008, the Vice-Minister of China's State Council Taiwan Affairs Office, Wang Zaixi, warned Mr Chen in July 2004 that China may attack Taiwan by 2008 to prevent Mr Chen's constitutional reforms.¹² Any attack by China would leave the US with an extremely difficult decision to make, as the US is committed to defending Taiwan. However, under a policy known as "strategic ambiguity", consecutive administrations have not made clear whether this means the US would directly intervene to defend Taiwan, or merely provide the means for Taiwan to defend itself from any possible Chinese invasion.¹³

Arms export licences to China

	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	76.5	9.5	28.0
Number of SIELs granted (refused/revoked)	180 (14)	46 (2)	69 (3)
Number of OIELs granted (refused/revoked) with regard to China	19 (1)	3 (0)	5 (0)
Number of incorporation SIELs granted (refused/revoked)	2 (0)	0 (0)	1 (0)
Number of SITCLs granted with China as destination	n/a	n/a	1
Number of OITCLs granted with China as destination	n/a	n/a	0

Arms export licences to Taiwan

	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	24.0	13.5	14.5
Number of SIELs granted (refused/revoked)	111 (0)	22 (0)	28 (0)
Number of OIELs granted (refused/revoked) with regard to Taiwan	16 (0)	3 (0)	7 (0)
Number of incorporation SIELs granted (refused/revoked)	1 (0)	1 (0)	0 (0)
Number of SITCLs granted with Taiwan as destination	n/a	n/a	0
Number of OITCLs granted with Taiwan as destination	n/a	n/a	0

The increasing level of tension between China and Taiwan over Taiwanese political aspirations, the aggressive force-posturing and large increases in military spending on both sides, and the explicit threat of military action on the part of China, represent major concerns for stability and security in East Asia. Whilst China is currently subject to an EU arms embargo (see criterion 1), under criterion 4, Saferworld would also

⁶ 'China 'plans Taiwan war games'', *BBC News*, 1 June 2004, <http://news.bbc.co.uk/go/pr/ft/-/1/hi/world/asia-pacific/3766103.stm>.

⁷ 'Storm across the Taiwan Strait', *BBC News*, 22 June 2004, <http://news.bbc.co.uk/go/pr/ft/-/1/hi/world/asia-pacific/3825927.stm>.

⁸ 'Military balance goes against Taiwan', *BBC News*, 9 March 2004, <http://news.bbc.co.uk/1/hi/world/asia-pacific/3545361.stm>.

⁹ IISS, *Military Balance 2004–2005*, p. 325.

¹⁰ Wendell Minnick, *Jane's Defence Weekly*, 'Taiwan – Identity Crisis', 30 June 2004.

¹¹ *Ibid.*

¹² 'Beijing warns of war with Taiwan', *BBC News*, 30 July 2004 <http://news.bbc.co.uk/1/hi/world/asia-pacific/3938617.stm>.

¹³ 'Next US leader faces China-Taiwan row', *BBC News*, 29 September 2004, <http://news.bbc.co.uk/1/hi/world/asia-pacific/3701114.stm>.

expect there to be a presumption of denial over the export of military and dual-use goods to either China or Taiwan that could contribute to large-scale offensive operations. In particular such a presumption would apply where there is a risk of destabilising accumulations of equipment, and where sensitive technologies could provide additional strategic capabilities, enhance force projection or introduce new technologies into the region. It is however unlikely that Taiwan's recent procurement activities are for the purpose of offensive military operations, but are more likely to be in response to the growing offensive capabilities being acquired by China. This should therefore be taken into account in licensing policy with Taiwan's military capacity playing a key factor in assessing licence applications.

In terms of those goods licensed for export to China and Taiwan during 2003 and the first half of 2004, without information on quantities of goods licensed for export or more information on the nature of the equipment or their end-use, it is difficult for the outside observer to make a fully informed and accurate assessment of licences granted to China and Taiwan. From the information that is available, however, there are a number of licences of potential concern.

Licences of greatest concern under criterion 4

For China:

SIELs 2003: components for electronic warfare equipment, components for military aero-engines, components for unmanned air vehicles, military aero-engines, technology for the production of combat aircraft, technology for the use of military aero-engines

SIELs January–March 2004: castings for military aero-engines

SIELs April–June 2004: castings for military aero-engines, components for combat aircraft, weapon sights

For Taiwan:

SIELs 2003: components for armoured personnel carriers, components for assault rifles, components for combat aircraft, components for electronic warfare equipment, components for military aero-engines, components for semi-automatic pistols, components for submachine guns, components for submarines, components for unmanned air vehicles, forgings for military aero-engines, military aero-engines, small arms ammunition, submachine guns (51), technology for the use of combat aircraft, technology for the use of military aero-engines, technology for the use of submachine guns, unmanned air vehicle control equipment, unmanned air vehicle handling equipment, unmanned air vehicles, weapon day sights

SIELs January–March 2004: components for combat aircraft, components for sniper rifles (2 licences), components for submarines (2 licences), equipment for the use of sniper rifles, sniper rifle maintenance equipment, sniper rifles (35), technology for the use of sniper rifles, weapon sights (2 licences)

SIELs April–June 2004: components for armoured personnel carriers, components for military aero-engines, components for submachine guns (2 licences), components for submarines, equipment for the use of submachine guns, forgings for military aero-engines, submachine guns (40), technology for the use of submachine guns

India and Pakistan

During 2003 and the first half of 2004 major improvements took place in Indian-Pakistani relations, following the then Indian President Vajpayee's speech in Srinagar in April 2003 in which he extended a "hand of friendship" to Pakistan.¹⁴ On 25 November 2003, India and Pakistan concluded a ceasefire. In March 2004, Pakistani Rangers and India's Border Security Forces met to discuss the exchange of prisoners, terrorism and smuggling.¹⁵ In June 2004, talks were also held in New Delhi between the two governments concerning nuclear confidence-building measures.¹⁶ Nevertheless, on the ground, particularly in Kashmir, tensions remained high. Indeed, the International Institute for Strategic Studies reported that between November 2003 and February 2004 the situation along the Line of Control (LOC) and Actual Ground Position Line in Kashmir remained "precarious".¹⁷

According to figures provided by the South Asia Terrorism Portal, from 1 January to 30 November 2003 there were 2399 incidents described as terrorist-related within Jammu and Kashmir. These included 1451 deaths of individuals categorised as terrorists, 323 security force personnel (SFP) deaths and 625 civilian deaths. Furthermore, from 1 December 2003 to 30 June 2004, following the ceasefire agreement, there were a total of 1,080 deaths described as terrorist-related, including that of 578 individuals categorised as terrorists, 174 SFP and 328 civilians.¹⁸

Many of these deaths appeared to be the result of continued clashes between Indian security forces and insurgency groups, such as Lashkar-e-Toiba and Hizb-ul-Mujahideen, of whom Indian officials believed there were between 3,000–5,000 individuals operating within Indian-administered Kashmir during 2003.¹⁹ On 21 May 2004 Indian Chief of the Army Staff, General N C Vij, stated that although the ceasefire was holding, Pakistan continued to harbour about 3,500 trained "terrorists" in 95 camps, who were waiting to cross into the Indian-administered part of Kashmir.²⁰ To prevent further infiltration India has begun constructing a barbed wire fence along the LOC; in July 2004 this was termed a "violation of bilateral and international agreements between India and Pakistan" by Pakistani Foreign Ministry spokesman, Masood Khan.²¹

Furthermore, both states have significantly increased their defence spending, India at an average annual rate of 4.9 percent between 1994–2003.²² India's defence budget rose from \$16.6bn in 2003 to \$19.1bn in 2004,²³ with this increase being used to enhance India's ability to become a regional power with force-projection capabilities, particularly in the construction of a blue-water navy.²⁴ To achieve this India has taken on a number of big procurement projects, such as the acquisitions of 126 Mirage jets from France and the Russian aircraft carrier the Admiral Gorshkov.²⁵ Meanwhile, Pakistan has increased its own defence budget \$2.8bn in 2003 to \$3.3bn in 2004.²⁶ This increase was deemed necessary by the Pakistani Government to modernize Pakistani armed forces and to pay for continuing operations along the Afghanistan-Pakistan border as part of the US-led 'war on terrorism'.²⁷

14 FCO, Country Profiles – Pakistan, <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KcountryProfile&aid=1019041564003>.

15 Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/mainPages/dsp_AnnualUpdate.asp?ConflictID=170.

16 Ibid.

17 Ibid.

18 'Annual Fatalities in Terrorist Violence 1998–2004', South Asia Terrorism Portal, http://www.satp.org/satporgtp/countries/india/states/jandk/data_sheets/annual_casualties.htm.

19 Op cit, Armed Conflict Database.

20 Ibid.

21 'India defence plans alarm rival', BBC News, 12 July 2004, http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/south_asia/3887985.stm.

22 SIPRI, *SIPRI Yearbook 2004*, p. 333.

23 IISS, *The Military Balance, 2004–2005*.

24 Op cit, *SIPRI Yearbook 2004*.

25 'India's ever-increasing defence budget', BBC News, 8 July 2004, http://news.bbc.co.uk/1/hi/world/south_asia/3876401.stm.

26 Op cit, *The Military Balance 2004–2005*, p. 313.

27 'Defense costs hurt Pakistani shares', CNN.com, 14 June 2004, <http://edition.cnn.com/2004/WORLD/asiapcf/06/14/pakistan.budget/>.

Despite diplomatic progress, both sides continue to view each other with suspicion. For example, the Indian Ministry of Defence has stated that “the single greatest threat to peace and stability in the region is posed by the combination of terrorism nurtured in and by Pakistan for its strategic objectives, and the ingrained adventurism of the Pakistani military motivated by its obsessive and compulsive hostility towards India”.²⁸ Furthermore, as recently as May 2002, following an attack on the Indian Parliament in December 2001 which India blamed on insurgents crossing from Pakistani Kashmir, the two states mobilised their armies, with up to 700,000 Indian military and para military forces and up to 400,000 Pakistani troops being deployed along the Indo-Pakistani border.²⁹ The desire for each state to have nuclear weapons that are deliverable by ballistic missile has, moreover, spawned a missile race, which has led to both India and Pakistan acquiring a number of long-range missiles, such as the Indian Agni II, with a range of 2000km, and the Pakistani equivalent the Ghauri II.³⁰ During 2004 both states, India in July, with the Agni-1 Series 5³¹ and Pakistan in October with the Hatf-v Ghauri,³² successfully tested missiles which have a nuclear-warhead capability. It has also been reported that India could develop neutron and hydrogen bombs.³³

Arms export licences to India	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	86.5	35.5	18.0
Number of SIELs granted (refused/revoked)	953 (78)	223 (21)	220 (7)
Number of OIELs granted (refused/revoked) with regard to India	82 (0)	13 (0)	26 (1)
Number of incorporation SIELs granted (refused/revoked)	9 (0)	1 (0)	1 (0)
Number of SITCLs granted with India as destination	n/a	n/a	0
Number of OITCLs granted with India as destination	n/a	n/a	2

Arms export licences to Pakistan	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	29.5	6.5	3.0
Number of SIELs granted (refused/revoked)	240 (14)	32 (3)	42 (3)
Number of OIELs granted (refused/revoked) with regard to Pakistan	19 (0)	2 (0)	5 (0)
Number of incorporation SIELs granted (refused/revoked)	2 (1)	0 (0)	0 (0)
Number of SITCLs granted with Pakistan as destination	n/a	n/a	0
Number of OITCLs granted with Pakistan as destination	n/a	n/a	0

The continuing dispute between India and Pakistan over Kashmir, together with the concerted military build-up on both sides and the potential for nuclear-armed conflict, make South Asia one of the most volatile and unstable regions in the world. Accordingly, under criterion 4, Saferworld would expect there to be a presumption of denial over the export of military and dual-use goods to either India or Pakistan that could contribute to large-scale offensive operations. In particular such a presumption would apply where there is destabilising accumulation of equipment, or where sensitive technologies could provide additional strategic capabilities, enhance force projection or introduce new technologies into the region.

Without information on quantities of goods licensed for export or more information on the nature of the equipment or their end-use, it is difficult for the outside observer to make a fully informed and accurate assessment of licences granted to India and Pakistan. From the information that is available, however, there are a significant number of licences of potential concern.

²⁸ 'Security Environment an Overview – The Regional Picture', *Indian Ministry of Defence*, <http://mod.nic.in/aforges/welcome.html>.

²⁹ '2002 – Kashmir Crisis', *GlobalSecurity.org*, <http://www.globalsecurity.org/military/world/war/kashmir-2002.htm>.

³⁰ 'South Asia's high nuclear stakes', *BBC News*, 7 May 2003, http://news.bbc.co.uk/2/hi/south_asia/1732430.stm.

³¹ Op cit, Armed Conflict Database.

³² Op cit, http://news.bbc.co.uk/2/hi/south_asia/1732430.stm.

³³ Ibid.

Licences of greatest concern under criterion 4

For India:

SIELs 2003: components for airborne electronic warfare equipment, component for aircraft cannons, components for anti-armour ammunition, components for anti-ship missiles, components for bombs, components for combat aircraft, components for combat helicopters, components for electronic warfare equipment, components for military aero-engines, components for munitions launching equipment, components for naval electronic warfare equipment, components for naval light guns, components for optical target acquisition equipment, components for rifles, components for shotguns, components for tanks, components for torpedoes, components for unmanned air vehicles, components for weapon sights, components for ballistic test equipment, equipment for the use of ballistic test equipment, equipment for the use of naval light guns, forgings for military aero-engines, production equipment for combat aircraft, production equipment for military aero-engines, small arms ammunition, software for the use of ballistic test equipment, target acquisition equipment, technology for the development of military aero-engines, technology for the production of military aero-engines, technology for the use of ballistic test equipment, technology for the use of naval light guns, test equipment for combat aircraft, test equipment for electronic warfare equipment, test equipment for military aero-engines, unfinished products for military aero-engines, unfinished products for torpedoes

OIELS 2003: components for combat aircraft, components for combat helicopters, components for tanks, technology for the use of components for combat aircraft, technology for the use of components for combat helicopters, technology for the use of components for tanks, equipment for the use of combat aircraft, equipment for the use of combat helicopters, technology for the use of combat aircraft, technology for the use of combat helicopters, components for military aero-engines, production equipment for combat aircraft, airborne electronic warfare equipment, technology for the use of components for combat aircraft, technology for the use of components for combat helicopters, components for military aero-engines, production equipment for combat aircraft, production technology for combat aircraft, technology for the production of combat aircraft, technology for the use of combat aircraft, airborne electronic warfare equipment, components for airborne electronic warfare equipment, airborne targeting equipment, components for airborne targeting equipment, technology for the development/production of combat aircraft, bombing computers, weapon control systems, optical target designator equipment, optical target acquisition equipment, military infrared/thermal imaging equipment, technology for the development of combat aircraft, technology for the production of combat aircraft, technology for the use of combat aircraft, software for the development of weapon systems, software for the development of weapon system software, equipment for the use of components for combat aircraft, equipment for the use of components for combat helicopters, technology for the use of components for combat helicopters, components for submarines, components for aircraft carriers, technology for the use of components for aircraft carriers, components for armoured fighting vehicles, components for armoured personnel carriers, components for munitions launching vehicles, components for tank destroyers, components for naval engines, equipment for the use of combat aircraft, equipment for the use of combat helicopters, components for military aero-engines, equipment for the use of military aero-engines, technology for the use of military aero-engines, weapon control systems, weapon day and night sights, military aero-engines, military image intensifier equipment, night vision goggles, missile launching equipment, munitions launching equipment, castings for combat aircraft, forgings for combat aircraft, unfinished products for combat aircraft, production equipment for combat aircraft, software for the use of combat aircraft, components for aircraft cannons, software for the use of aircraft cannons, software for the use of equipment for the use of combat aircraft, technology for the use of aircraft cannons,

technology for the use of equipment for the use of aircraft cannons, equipment for the use of aircraft cannons

SIELs January–March 2004: components for airborne electronic warfare equipment, components for aircraft cannons, components for combat aircraft (40 licences), components for combat helicopters (3 licences), components for electronic warfare equipment (3 licences), components for military aero-engines (16 licences), components for munitions launching equipment, components for naval electronic warfare equipment (2 licences), components for naval light guns, components for weapon aiming devices, forgings for military aero-engines, technology for the use of combat aircraft (2 licences), unfinished products for torpedoes

OIELs January–March 2004: castings for components for combat aircraft, components for combat aircraft, technology for the production of components for combat aircraft, technology for the use of components for combat aircraft, components for combat helicopters, equipment for the use of military aero-engines, military aero engines, components for military aero-engines, technology for the use of military aero-engines

SIELs April–June 2004: components for aircraft cannons, components for armoured fighting vehicles, components for combat aircraft (31 licences), components for combat helicopters (2 licences), components for military aero-engines (8 licences), component for military infrared/thermal imaging equipment, components for naval engines, components for small calibre artillery, components for sniper rifles, components for tanks, production equipment for combat helicopters, production equipment for military aero-engines (2 licences), technology for the production of armoured fighting vehicles, technology for the use of armoured fighting vehicles, technology for the use of military aero-engines, weapon sights

OIELs April–June 2004: components for combat aircraft, technology for the development of components for combat aircraft, technology for the production of components for combat aircraft, technology for the use of components for combat aircraft, components for military aero-engines, armoured all wheel drive vehicles, components for aiming devices, equipment for the use of aiming devices, software for the use of aiming devices, technology for the use of aiming devices, components for optical target designator equipment, equipment for the use of optical target designator equipment, software for the use of optical target designator equipment, equipment for the use of combat aircraft, software for the use of combat aircraft, technology for the use of combat aircraft, components for combat helicopters, equipment for the use of combat helicopters, technology for the use of components for combat helicopters, equipment for the use of components for combat aircraft, equipment for the use of components for combat helicopters, military aero-engines, equipment for the use of military aero-engines, equipment for the use of components for military aero-engines, technology for the use of military aero-engines, technology for the use of components for military aero-engines, equipment for the use of combat helicopter, technology for the use of equipment for the use of combat helicopter

For Pakistan

SIELs 2003: components for air to air missiles, components for combat aircraft, components for combat helicopters, components for destroyers, components for electronic warfare equipment, components for large calibre artillery, components for military aero-engines, components for military combat aircraft, components for military combat helicopters, components for naval engines, components for naval light guns, components for submarines, components for torpedo launching equipment, components for unmanned air vehicles, components for unmanned air vehicles control/handling/ launching equipment, electronic warfare equipment, equipment for the use of electronic warfare equipment, equipment for the use of military aero-engines, naval engines, technology for the use of electronic warfare equipment, technology for the use of naval mines, technology for the use of unmanned air vehicles, technology for

the use of unmanned air vehicles control/handling/launching equipment, unmanned air vehicle control/handling/launching equipment, unmanned air vehicles

OIELs 2003: components for military aero-engines, components for combat aircraft, components for combat helicopters, castings for combat helicopters, forgings for combat helicopters, unfinished products for combat helicopters, equipment for the use of combat helicopters, technology for the use of combat helicopters, technology for the use of equipment for combat helicopters, castings for military aero-engines, forgings for military aero-engines, military aero-engines, unfinished products for military aero-engines, technology for the production of military aero-engines, technology for the use of military aero-engines, components for airborne electronic warfare equipment, components for airborne targeting equipment, components for naval lights guns, components for torpedo launching equipment, equipment for the use of combat helicopters, production equipment for combat helicopters, production equipment for military aero-engines, technology for the use of combat helicopters

SIELs January–March 2004: components for combat aircraft (2 licences), components for combat helicopters, components for military aero-engines, technology for the use of munition fuses

OIELs January–March 2004: components for naval engines

SIELs April–June 2004: components for armoured personnel carriers (2 licences), components for combat helicopters (2 licences), components for large calibre artillery, components for military aero-engines, components for torpedoes launching equipment, technology for the use of combat aircraft, torpedo launching equipment

OIELs April–June 2004: armoured all wheel drive vehicles, military aero-engines, components for military aero-engines, equipment for the use of military aero-engines, equipment for the use of components for military aero-engines, technology for the use of military aero-engines, technology for the use of components for military aero-engines

The Middle East

The Middle East has long been one of the most unstable regions in the world. It is home to a significant number of non-democratic regimes built upon authoritarian rule and/or maintaining their grip on power through the careful disbursement of oil revenues.

The region has been the site of several interstate wars over recent decades, eg the Six Day War of 1967, the Yom Kippur War of 1973, the Iran-Iraq War of 1980–1988 and the two Gulf Wars (of 1991 and 2003). In addition, the Israeli-Palestinian conflict over the Occupied Territories has been ongoing throughout this period. While problematic in its own right, this conflict has also functioned as a destabilising influence across the region. Furthermore, the Middle East is prone to interference from the major powers on the basis of securing continuing access to the region's oil reserves.

In the context of criterion 4, 2003 and 2004, countries of particular concern in the region were Iran, Iraq, Israel and the Occupied Territories and Syria.

Iran

The US has accused Iran of supporting the ongoing Iraqi insurgency,³⁴ and along with Israel has accused Iran of supporting the ‘terrorist’ organisation, Hezbollah,³⁵ and of trying to develop nuclear weapons.³⁶ Iran’s alleged nuclear weapon development programme is perhaps the most pressing issue and the one which for the moment would seem most likely to lead to conflict. The EU has approached this problem differently from the US and Israel, and since October 2003 has favoured a process of ‘constructive engagement’ which has involved the UK, Germany and France negotiating directly with Iran to try and persuade Iran not to enrich the uranium necessary for it to produce nuclear weapons.³⁷

In October 2004 Iran announced that it had developed a missile capable of travelling up to 2,000 km³⁸, while the US Secretary of State Colin Powell recently alleged that Iran was near to fitting a nuclear warhead on a long-range missile.³⁹ The prospect of Iran thus being able to launch a nuclear missile at Israel introduces a further complication into the equation, one that is likely to cause great concern not only in Tel Aviv but also in Washington. Israel has already warned that it would pre-emptively attack Iranian nuclear facilities if Iran goes ahead and tries to develop nuclear weapons, and a precedent already exists for such action with the destruction, by Israel, of Iraq’s Osirak reactor in 1981.⁴⁰

In response to these perceived threats, the deputy chief of Iran’s Revolutionary Guard reportedly stating that “if Israel fires a missile into the Bushehr nuclear power plant, it will have to say goodbye forever to its Dimona nuclear facility”.⁴¹

Arms export licences to Iran	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	545	1.5	1.5
Number of SIELs granted (refused/revoked)	170 (26)	24 (9)	30 (8)
Number of OIELs granted (refused/revoked) with regard to Iran	3 (0)	2 (0)	1 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted with Iran as destination	n/a	n/a	0
Number of OITCLs granted with Iran as destination	n/a	n/a	0

In the context of this dangerous and heavily armed region, the potential for the nuclear issue to spiral out of control, and Iran’s complicated relationship with Iraq, Saferworld would expect that, under criterion 4, there should be a presumption of denial over the export to Iran of military and dual-use goods that could contribute to large-scale offensive operations. In particular such a presumption would apply where there is a risk of destabilising accumulations of equipment, or where sensitive technologies could provide additional strategic capabilities, enhance force projection or introduce new technologies into the region.

Without information on quantities of goods licensed for export or more information on the nature of the equipment or their end-use, it is difficult for the outside observer to make a fully informed and accurate assessment of licences granted to Iran. From the information that is available, however, there are a number of licences of potential concern.

34 ‘Powell says Iran aids Iraqi rebels’, *International Herald Tribune*, 18 September 2004, <http://www.iht.com/articles/539500.html>.

35 ‘Analysis: Iran and the ‘axis of evil’’, *BBC News*, 11 February 2002, http://news.bbc.co.uk/1/hi/world/middle_east/1814659.stm.

36 ‘Q&A: Iran’s nuclear programme’, Simon Jeffery, *The Guardian*, 22 November 2004 <http://www.guardian.co.uk/iran/story/0,,1357004,00.html>.

37 ‘Iran’s nuclear programme’, *IJSS Strategic Comments*, 9 November 2004, <http://www.ijss.org/showfreepdfs.php?scID=399&type=ijss.pdf>.

38 ‘Iran reveals missile with 2’000km range’, *ISN*, 5 October 2004, <http://www.isn.ethz.ch/news/sw/details.cfm?ID=9852>.

39 *Ibid.*

40 ‘Iran prepares for US, Israeli strikes on nuclear facilities’, *ISN*, 24 August 2004 <http://www.isn.ethz.ch/news/sw/details.cfm?ID=9507>.

41 ‘Tehran threatens tit-for-tat if Israel attacks Bushehr’, *CDI*, 19 August 2004, <http://www.cdi.org/news/law/iran-preemptive-isn.cfm>.

Licences of greatest concern under criterion 4

SIELs 2003: components for marine vessels, lightweight aircraft

SIELs January–March 2004: components for marine engines, electronic components

OIELs January–March 2004: components for military aero-engines

Iraq

The war in Iraq was seen by many in the current US administration as the first step in what would be the democratisation of the Middle East, with Iraq as the beacon state which would create a domino effect of democratisation in the region. However the insurgency within Iraq and fighting between US-led forces and Iraqi domestic and foreign insurgents has grown in both size and intensity since the proclamation by President Bush on 1 May 2003 that major combat operations in Iraq had ended. This leaves the future of Iraq, despite the national elections that are due to take place at the end of January 2005, very unclear.

The fate of Iraq appears very much linked to the reaction of its neighbours, with growing US criticism of both Iran and Syria particularly for what it believes is their support for the insurgency. US Defence Secretary Donald Rumsfeld stated in February 2004 that, “Syria and Iran have not been helpful to the people of Iraq” and that “indeed they have been unhelpful”.⁴² In September 2004 US Secretary of State Colin Powell also expressed his concerns that Syria was supporting Sunni insurgents while Iran supported Shiite insurgents.⁴³ With Iran being one of the original states named in the “axis of evil” and Syria, with Cuba and Libya,⁴⁴ being subsequently added to the list, either Iran or Syria could be the next state to face US military action.

The ongoing conflict within Iraq has resulted in the deaths of over a thousand US military personnel⁴⁵, with estimates of Iraqi casualties ranging from 10,000⁴⁶ to 100,000.⁴⁷ Day-to-day insecurity remains a large problem with attacks by insurgents causing large numbers of casualties. For example, in August 2003, the Jordanian embassy and the UN’s headquarters in Iraq were attacked, leaving a total of 28 people dead and injuring more than a hundred; a car bomb in Najaf in the same month killed a Shia leader, claimed 94 lives and left at least 200 others injured;⁴⁸ in March 2004, explosions in Baghdad and Karbala killed over 140 Shia and injured as many as 400 others, leading to fears of ethnic conflict between Iraqi Sunnis and Shias. Responses to these attacks by US-led forces also resulted in large numbers of deaths with clashes around Fallujah between US forces and insurgents and between US forces and the followers of Moqtada Sadr in March and April 2004 believed to have claimed the lives of up to 800 people.⁴⁹

There has also been a growing number of kidnappings of foreign workers by criminal gangs and insurgents. It was reported that at least 40 civilians were taken hostage between the end of March and mid-April 2004 alone, of those taken at least one, an Italian security guard, was killed.⁵⁰ This violence has meant that reconstruction of Iraq remains painfully slow. In September 2004 it was revealed that of the \$18.4bn the US Congress had approved for reconstruction only \$1.1bn had been spent and of the \$13bn pledged by other countries for Iraq’s reconstruction, only \$1.2bn had been spent.

⁴² ‘Syria and Iran warned over Iraq’, *BBC News*, 23 February 2004, http://news.bbc.co.uk/1/hi/world/middle_east/3515525.stm.

⁴³ ‘Powell says Iran aids Iraqi rebels’, *International Herald Tribune*, 18 September 2004, <http://www.iht.com/articles/539500.html>.

⁴⁴ ‘US expands ‘axis of evil’’, *BBC News*, 6 May 2002, <http://news.bbc.co.uk/1/hi/world/americas/1971852.stm>.

⁴⁵ ‘US deaths by Months’, *Iraq Coalition Casualty Count*, <http://casualties.org/oif/USChart.aspx>.

⁴⁶ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/MainPages/dsp_ConflictSummary.asp?ConflictID=193.

⁴⁷ ‘100,000 Iraqi civilian dead, says study’, Sarah Boseley, *The Guardian*, 29 October 2004, <http://www.guardian.co.uk/Iraq/Story/0,2763,1338749,00.html>.

⁴⁸ Op cit, Armed Conflict Database.

⁴⁹ Ibid.

⁵⁰ ‘Kidnappings in Iraq’, Mark Oliver, *The Guardian*, 16 April 2004, <http://www.guardian.co.uk/Iraq/Story/0,2763,1191022,00.html>.

This situation was described by the Republican Senator, Chuck Hagel, who sits on the Senate Foreign Relations Committee, as “beyond pitiful and embarrassing; it is now in the zone of dangerous”.⁵¹

Arms export licences to Iraq	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	2.0	7.0	25.0
Number of SIELs granted (refused/revoked)	24 (0)	11 (1)	26 (0)
Number of OIELs granted (refused/revoked) with regard to Iraq	1 (0)	0 (0)	3 (0)
Number of incorporation SIELs granted (refused/revoked)	1 (0)	0 (0)	4 (0)
Number of SITCLs granted with Iraq as destination	n/a	n/a	2
Number of OITCLs granted with Iraq as destination	n/a	n/a	0

Military equipment gifted by the Government during financial year 2003/04

3,200 hand held and 300 vehicle radios	£1m
13 GAZ trucks	£159,000

When considering whether to authorise defence exports to Iraq, there are a number of unique factors to be taken into account. While there is a need to rebuild the Iraqi security apparatus and to ensure that it is appropriately resourced, the unreliability and lack of training of the current security personnel, the very real risk that the security situation could spiral completely out of control, and the potential for neighbouring states to be sucked into the chaos that could potentially ensue, would counsel extreme caution in this area. Saferworld would certainly expect that, under criterion 4, there should be a presumption of denial over the export to Iraq of military and dual-use goods that could contribute to large-scale offensive operations. In particular such a presumption would apply where there is a risk of destabilising accumulations of equipment, or where sensitive technologies could provide additional strategic capabilities, enhance force projection or introduce new technologies into the region. However, given the current circumstances in Iraq, there is also a need to ensure strict end-use controls over any small arms and light weapons (SALW) exported under a UK licence. Licences should not be granted for SALW unless the Government has complete confidence that the equipment in question is for an appropriate use by an authorised, secure and fully-trained end-user.

With these concerns in mind, there are a number of licences issued where it is difficult, without more information on end-use and the designated end-users, for the outside observer to make a fully informed and accurate assessment. From the information that is available, however, there are a number of licences of potential concern.

Licences of greatest concern under criterion 4

SIELs 2003: components for semi-automatic pistols, components for submachine guns, equipment for the use of semi-automatic pistols, equipment for the use of sub-machine guns, semi-automatic pistol maintenance equipment, semi-automatic pistols (235), small arms ammunition, smoke hand grenades, submachine gun maintenance equipment, submachine guns (135), technology for the use of semi-automatic pistols

SIELs January–March 2004: assault rifles (100), components for semi-automatic pistols (2 licences), general purpose machine guns (100), semi-automatic pistols (550), small arms ammunition (2 licences), armoured all wheel drive vehicles

SIELs April–June 2004: armoured all wheel drive vehicles (3 licences), assault rifles (500), components for assault rifles, components for semi-automatic pistols (2 licences), military infrared/thermal imaging equipment, semi-automatic pistols (21428), small arms ammunition (2 licences), submachine guns (100), technology for the use of semi-automatic pistols

⁵¹ ‘Senators slam administration on Iraq’, *USA Today*, 15 September 2004, http://www.usatoday.com/news/washington/2004-09-15-sens-iraq_x.htm.

Israel-Palestine (and Israeli relations with Egypt and Jordan)

Within Israel and the Occupied Territories the cycle of violence following the beginning of the second *Intifada* in 2000 is ongoing, despite the publication of a UN-US-EU-Russian-sponsored “Road Map” in March 2003. The violence continues to cause tensions between Israel and its neighbours, with Israel claiming that Syria and Iran are supporting what it considers to be terrorist organisations, such as Hezbollah and Hamas, operating from Lebanon and the Occupied Territories respectively. The construction of a ‘security fence’, which Israel has argued is necessary for its own security, was declared illegal by the International Court of Justice in July 2004,⁵² and is considered by Palestinians to be a “land grab”⁵³ (see criterion 6 for more detail).

During 2003 the Israeli-Palestinian conflict was reported to have been responsible for 600 Palestinian deaths, including 100 children, and 200 Israeli civilian deaths of which 21 were children; 70 Israeli soldiers were also killed.⁵⁴ From March to June 2004 the *Intifada* claimed a further 450 lives, while it was reported that in the three and a half years up to May 2004 that Israeli security forces destroyed more than 3,000 Palestinian homes along with hundreds of public and private buildings and properties, and large areas of agricultural land.⁵⁵ In response to Israel’s actions in the Occupied Territories, Egypt, which has been at peace with Israel since 1979, withdrew its ambassador from Israel and sought to lead Arab opposition to Israel’s actions.⁵⁶ Israel’s activities in the Occupied Territories and what Israel claims is a “vicious anti-Israeli attitude” in the Egyptian media has led to a situation where relations between the two countries have become “positively icy”.⁵⁷

Jordan, with whom Israel signed a peace treaty in 1994, has particular concerns given that more than half its population is of Palestinian origin, and with the building of the ‘security fence’ and Israeli military incursions into the West Bank, fears another exodus of Palestinian refugees into Jordan.⁵⁸ Jordan has claimed that Israel has used “excessive force” in attempting to tackle the *Intifada*⁵⁹, which has led to a souring of relations between the two states. A recent Israeli proposal to hold a joint ceremony to celebrate the 10th anniversary of the signing of the peace treaty between the two was rejected by Jordan, with the then Jordanian Foreign Minister, Marwan Muasher, stating that Jordan was not “in the mood for ceremonies because of what’s happening to the Palestinians”.⁶⁰

The Israeli security forces’ policy of targeted assassinations resulted in 97 deaths and 500 persons injured in 2003.⁶¹ Two of the most high profile assassinations occurred in 2004 when Israel assassinated two Hamas leaders, Sheikh Ahmed Ismail Yassin in March and Abdel Aziz Rantissi in April.⁶² Palestinian militants responded using suicide bombings, which between 12 August and 4 October 2003 alone killed 56 Israeli civilians and injured 200.⁶³

52 ‘UN told to act on Israeli barrier’, *BBC News*, 10 July 2004, http://news.bbc.co.uk/1/hi/world/middle_east/3883267.stm.

53 *Ibid.*

54 ‘World Report 2004 – Israel and the Occupied Territories’, Amnesty International, <http://web.amnesty.org/web/web.nsf/print/2004-isr-summary-eng>.

55 ‘Israel and the Occupied Territories Under the rubble: House demolition and destruction of land and property’, *Amnesty International*, <http://web.amnesty.org/library/Index/ENGMD150332004>.

56 ‘Cold peace over Sinai’s borders’, *BBC News*, 8 October 2004, http://news.bbc.co.uk/1/hi/world/middle_east/3726502.stm.

57 *Ibid.*

58 ‘Jordan and Israel’s difficult peace’, *BBC News*, 26 October 2004, http://news.bbc.co.uk/1/hi/world/middle_east/3953617.stm.

59 *Ibid.*

60 *Ibid.*

61 *Ibid.*

62 Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/mainPages/dsp_ConflictSummary.asp?ConflictID=165.

63 *Ibid.*

Arms export licences to Israel	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	9.0	2.0	1.0
Number of SIELs granted (refused/revoked)	136 (25)	25 (7)	21 (3)
Number of OIELs granted (refused/revoked) with regard to Israel	12 (0)	5 (0)	11 (0)
Number of incorporation SIELs granted (refused/revoked)	44 (1)	4 (0)	13 (0)
Number of SITCLs granted with Israel as destination	n/a	n/a	0
Number of OITCLs granted with Israel as destination	n/a	n/a	0

Arms export licences to Egypt	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	9.5	4.0	250,000
Number of SIELs granted (refused/revoked)	49 (0)	13 (0)	14 (0)
Number of OIELs granted (refused/revoked) with regard to Egypt	67 (0)	7 (0)	18 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted with Egypt as destination	n/a	n/a	0
Number of OITCLs granted with Egypt as destination	n/a	n/a	1

Arms export licences to Jordan	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	25.0	1.0	5.0
Number of SIELs granted (refused/revoked)	46 (0)	14 (0)	23 (1)
Number of OIELs granted (refused/revoked) with regard to Jordan	23 (0)	1 (1)	11 (0)
Number of incorporation SIELs granted (refused/revoked)	1 (0)	0 (0)	0 (0)
Number of SITCLs granted with Jordan as destination	n/a	n/a	2
Number of OITCLs granted with Jordan as destination	n/a	n/a	0

Government to Government transfers of equipment between 1 January and 31 December 2003

Challenger main battle tanks	94
Challenger driver training tanks	2
Scammell Commander tank transporters	59

In the context of this dangerous and heavily armed region, the situation in the Occupied Territories and the parlous state of Israel's relations with many of its neighbours, Saferworld would expect that, under criterion 4, there should be a presumption of denial over the export to Israel of military and dual-use goods that could be used aggressively in the Occupied Territories or contribute to large-scale offensive operations. Given the two-way nature of their relationships, this presumption of denial in connection with exports of use in large-scale offensive operations should also cover Egypt and Jordan. In particular such presumptions would apply where there is a risk of destabilising accumulations of equipment, or where sensitive technologies could provide additional strategic capabilities, enhance force projection or introduce new technologies into the region.

Without information on quantities of goods licensed for export or more information on the nature of the equipment or their end-use, it is difficult for the outside observer to make a fully informed and accurate assessment of licences granted to Israel, Egypt or Jordan. From the information that is available, however, there are a number of licences of potential concern.

Licences of greatest concern under criterion 4

For Israel:

SIELs 2003: components for aiming devices, components for airborne electronic warfare equipment, components for anti-armour missiles, components for anti-radiation missiles, components for combat aircraft, components for electronic warfare equipment, components for military aero-engines, components for military aircraft head-up displays, components for military infrared/thermal imaging equipment, components for optical target surveillance equipment, components for small arms ammunition, components for small calibre artillery, components for tanks, components for unmanned air vehicles, software for the use of unmanned air vehicles, technology for the development of unmanned air vehicle control/handling/launching equipment, technology for the development of unmanned air vehicles, technology for the use of unmanned air vehicle control/handling/launching equipment, technology for the use of unmanned air vehicles, test equipment for unmanned air vehicle control equipment, unfinished products for air to surface missiles, unmanned air vehicle control/handling/launching equipment, unmanned air vehicles, weapon day and night sights

SIELs January–March 2004: components for bombs, components for laser range finders, military aero-engines, production equipment for optical target tracking equipment, small arms ammunition, technology for the use of laser range finders, weapon control systems

OIELs January–March 2004: components for electronic warfare equipment, components for airborne electronic warfare equipment, components for armoured fighting vehicles, components for surface to surface missile launching vehicles

SIELs April–June 2004: armoured all wheel drive vehicles, components for airborne electronic warfare equipment, components for anti-armour missiles, components for military infrared/thermal imaging equipment, components for unmanned air vehicles (2 licences), components for weapon day and night sights

OIELs January–March 2004: armoured all wheel drive vehicles, components for airborne electronic warfare equipment, components for electronic warfare equipment

For Egypt:

SIELs 2003: castings for weapon night sights, components for anti-ship missiles, components for combat aircraft, component for military aero-engines, components for military infrared/thermal imaging equipment, components for naval engines, components for surface to surface missile, components for unmanned air vehicle launching equipment, components for unmanned air vehicles, forgings for armoured fighting vehicles, forgings for large calibre artillery ammunition, military aero-engines, unfinished products for large calibre artillery ammunition, unmanned air vehicle control equipment, unmanned air vehicle launching equipment

OIELs 2003: weapon sights, unmanned air vehicles, components for unmanned air vehicles, unmanned air vehicle control/handling/launching equipment, components for combat aircraft, components for combat helicopters, components for military aero-engines, technology for the use of components for combat aircraft, technology for the use of components for combat helicopters, technology for the use of components for military aero-engines, components for naval electronic warfare equipment, software for the use of naval electronic warfare equipment, armoured all wheel drive vehicles, technology for the use of armoured all wheel drive vehicles, components for tanks, equipment for the use of tanks, technology for the use of tanks, torpedoes, components for torpedoes, equipment for the use of torpedoes, software for the use of torpedoes, technology for the use of torpedoes, components for weapon control systems, software for the use of weapon control systems, technology for the use of weapon control systems, equipment for the use of weapon control systems

SIELS January–March 2004: castings for weapon night sights, forgings for armoured fighting vehicles

OIELs January–March 2004: electronic warfare equipment, components for electronic warfare equipment, software for the use of electronic warfare equipment, technology for the use of electronic warfare equipment, equipment for the use of electronic warfare equipment

SIELS April–June 2004: castings for armoured fighting vehicles, castings for weapon night sights, components for naval engines, components for projectile launchers, components for unmanned air vehicles, military aero-engines, naval engines, technology for the use of armoured fighting vehicles

OIELs April–June 2004: optical target acquisition equipment, components for armoured fighting vehicle, military aero-engines, components for military aero-engines, equipment for the use of military aero-engines, equipment for the use of components for military aero-engines, technology for the use of military aero-engines, technology for the use of components for military aero-engines, armoured all wheel drive vehicles, components for tanks, equipment for the use of components for tanks, technology for the use of components for tanks

For Jordan:

SIELs 2003: armoured all wheel drive vehicles, components for armoured personnel carriers, components for combat aircraft, components for combat helicopters, components for general purpose machine guns, components for grenade launchers, components for semi-automatic pistols, components for tanks, equipment for the use of tanks, large calibre artillery ammunition, tanks, technology for the use of semi-automatic pistols

OIELs 2003: components for tanks, equipment for the use of tanks, components for combat aircraft, components for combat helicopters

SIELs January–March 2004: components for combat aircraft, components for military infrared/thermal imaging equipment, components for tanks (2 licences), tanks, technology for the development of tanks

SIELs April–June 2004: armoured all wheel drive vehicles, assault rifles (470), components for assault rifles (4 licences), components for combat aircraft (3 licences), components for grenade launchers (2 licences), components for semi-automatic pistols, components for submachine guns, components for tanks (5 licences), equipment for the use of grenade launchers (2 licences), equipment for the use of submachine guns, equipment for the use of weapon sights (2 licences), grenade launchers (4 licences), grenade launchers maintenance equipment, gun silencers (3 licences), large calibre artillery ammunition, small arms ammunition (2 licences), technology for the use of assault rifles (3 licences), technology for the use of grenade launchers (2 licences), technology for the use of submachine guns, technology for the use of grenade launchers, weapon sights (5 licences)

OIELs April–June 2004: equipment for the use of munitions launching equipment, equipment for the use of anti-armour missile launching equipment, armoured all wheel drive vehicles, components for aiming devices, equipment for the use of aiming devices, software for the use of aiming devices, technology for the use of aiming devices, military aero-engines, components for military aero-engines, equipment for the use of military aero-engines, equipment for the use of components for military aero-engines, technology for the use of military aero-engines, technology for the use of components for military aero-engines

Syria

Syria, having been named on the US administration's extended list of states forming the 'axis of evil', has faced hostility from both Israel and the US for its alleged support of 'terrorists' operating from both the Lebanon and the Occupied Territories, its alleged programme to develop weapons of mass destruction (WMD), and in its reported support for the insurgency in Iraq. In May 2004 the US imposed economic sanctions on Syria, with President Bush stating that this country posed an "unusual and extraordinary threat to the national security, foreign policy and economy of the US".⁶⁴ The reasons given by the US for the imposition of sanctions were numerous, with the US administration accusing Syria of harbouring Palestinian militants, supporting Hezbollah, maintaining a military force in the Lebanon, possessing an advanced chemical weapons capability and failing to stop foreign insurgents entering Iraq.⁶⁵

Syria, for its part, has denied providing anything other than political support for Hezbollah in the Lebanon or Hamas in the Occupied Territories. Syria does not regard either as a 'terrorist' organisation. Despite Syria closing the offices of Hamas, the Popular Front for the Liberation of Palestine and Palestinian Islamic Jihad in May 2003,⁶⁶ Israeli jets attacked what Israel claimed was a Palestinian terrorist training camp in Syria in October 2003. This attack was in retaliation to a suicide bomb attack in the Israeli town of Haifa in which 19 people were killed.⁶⁷ In response to Israeli actions, Syria's President, Bashar al-Assad, accused Israel of trying to "terrorise Syria and drag it and the region into other wars".⁶⁸ A Syrian Foreign Ministry spokeswoman later warned that if Syria were attacked by Israel there would be retaliation, although the nature of that retaliation was not specified.⁶⁹ In January 2004, following the killing of an Israeli soldier by Hezbollah, Israel launched air raids against what it claimed were two Hezbollah bases within the Bekaa Valley in Lebanon. An Israeli Government spokesman stated that the air raids in the Lebanon should be "considered a warning to Hezbollah, which should understand it cannot continue its attacks with impunity, and to Syria, which supports it while talking of peace".⁷⁰

Israel and Syria also remain locked in dispute over the future of the Golan Heights following the breakdown of talks to establish their final status. In December 2003, the Israeli Agriculture Minister, Yisrael Katz, announced a \$60 million plan to build more homes for Israeli settlers on the Heights, with the aims of increasing the Israeli population there by 50 percent over the next three years.⁷¹ Syria reacted angrily, with a government minister calling on the international community to take a stand "about who wants peace and who doesn't".⁷²

Arms export licences to Syria	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	0.5	0.25	<0.1
Number of SIELs granted (refused/revoked)	6 (0)	1 (1)	2 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of OIELs granted (refused/revoked) with regard to Syria	4 (0)	0 (0)	3 (0)
Number of SITCLs granted with Syria as destination	n/a	n/a	0
Number of OITCLs granted with Syria as destination	n/a	n/a	0

In the context of this dangerous and heavily armed region, Syria's difficult relationship with Israel and with the US over Syria's role in Iraq, Saferworld would expect that,

⁶⁴ 'US slaps trade sanctions on Syria', *BBC News*, 11 May 2004, http://news.bbc.co.uk/2/hi/middle_east/3705783.stm.

⁶⁵ *Ibid.*

⁶⁶ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/MainPages/dsp_ConflictSummary.asp?ConflictID=166.

⁶⁷ 'Israel accused of warmongering', *BBC News*, 7 October 2003, http://news.bbc.co.uk/1/hi/world/middle_east/3170280.stm.

⁶⁸ *Ibid.*

⁶⁹ 'Syria warns Israel of retaliation', *BBC News*, 11 October 2003, http://news.bbc.co.uk/1/hi/world/middle_east/3183788.stm.

⁷⁰ 'Israeli jets hit Lebanon targets', *BBC News*, 20 January 2004, http://news.bbc.co.uk/1/hi/world/middle_east/3414431.stm.

⁷¹ 'Israel announces Golan expansion', *BBC News*, 31 December 2003, http://news.bbc.co.uk/1/hi/world/middle_east/3358797.stm.

⁷² *Ibid.*

under criterion 4, there should be a presumption of denial over the export to Syria of military and dual-use goods that could contribute to large-scale offensive operations. In particular such a presumption would apply where there is a risk of destabilising accumulations of equipment, or where sensitive technologies could provide additional strategic capabilities, enhance force projection or introduce new technologies into the region.

Without information on quantities of goods licensed for export or more information on the nature of the equipment or their end-use, it is difficult for the outside observer to make a fully informed and accurate assessment of licences granted to Iran. From the information that is available, however, there are a number of licences of potential concern.

Licences of greatest concern under criterion 4

SIELs 2003: small arms ammunition, small calibre artillery ammunition

SIELs January–March 2004: armoured all wheel drive vehicles

OIELs April–June 2004: armoured all wheel drive vehicles

Criterion 6: Terrorism and international law

Israel and the Occupied Territories

For as long as it maintains control over the Occupied Territories – namely the Gaza Strip, the West Bank, and the Golan Heights – Israel remains in violation of UN Security Council Resolutions 242 and 338, both of which call for the “withdrawal of Israeli armed forces from territories occupied in the [1967] conflict”¹. Moreover, the construction of a ‘security fence’ by Israel has also been widely criticised for taking in lands that were not part of Israel’s pre-1967 borders. In July 2004 a ruling by the International Court of Justice stated that the barrier was “tantamount to de facto annexation”,² although this is an advisory ruling and therefore not binding. Parts of the Court’s rulings made reference to Israeli obligations under international law, stating of the barrier that its “construction and its associated regime was contrary to international law” and “all states are under obligation not to recognise the situation and ensure Israel’s compliance with international law”.³

In addition to this, Israel remains in breach of the Fourth Geneva Convention, established in 1949 for the Protection of Civilian Persons in Time of War,⁴ for building Israeli settlements on lands taken from Palestinians. The UK government describes these settlements as “illegal under international law”⁵ and, in relation specifically to the Fourth Geneva Convention, further states that “Israeli restrictions of Palestinian movement, destruction of homes, property and agricultural land constitute collective punishment [and] are illegal under the terms of the Convention”.⁶ The International Committee of the Red Cross also noted that within the Occupied Territories, Israeli actions such as “the transfer by Israel of parts of its population into the Occupied Territories, the destruction of houses, failure to respect medical activities, and detention of protected persons outside the Occupied Territories” amounted to “breaches of various provisions of international humanitarian law”.⁷

¹ UN Security Council resolution 242, 22 November 1967, <http://domino.un.org/UNISPAL.NSF/d744b47860e5c97e85256c40005d01d6/7d35e1f729df491c85256ee7006861361OpenDocument>; and UN Security Council resolution 338, 22 October 1973, <http://domino.un.org/UNISPAL.NSF/d744b47860e5c97e85256c40005d01d6/7fb7c26fcbce80a31852560c50065f8781OpenDocument>.

² ‘Q & A: What is the West Bank barrier?’ *BBC News*, 9 July 2004, http://news.bbc.co.uk/1/hi/world/middle_east/3111159.stm.

³ ‘UN rules against Israeli barrier’, *BBC News*, 9 July 2004, http://news.bbc.co.uk/2/hi/middle_east/3879057.stm.

⁴ ‘The Obligations of Israel and the Palestinian Authority Under International Law’, *Human Rights Watch*, <http://www.hrw.org/reports/2001/israel/hebron6-04.htm>.

⁵ ‘UK Position on Israeli Settlements’, FCO, <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1076522475156>.

⁶ ‘UK Position on Fourth Geneva Convention’, FCO, <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1076522475709>.

⁷ ‘Conference of High Contracting Parties to the Fourth Geneva Convention’, *International Committee of the Red Cross*, <http://www.icrc.org/Web/eng/siteeng0.nsf/htmlall/57JRGW>.

These types of actions carried out by Israel within the Occupied Territories have not abated since the Convention was reaffirmed in December 2001 as applying to the Israeli-Palestinian conflict by the UK and its EU partners, among many other states.⁸ No less worrying is that actions by Israeli security forces continue to breach International Humanitarian Law, for example in 2003 Israel killed 97 people under its assassination policy, however in doing so over 500 others were also killed, of which approximately half were civilians.⁹ Amnesty International is of the opinion that “certain abuses committed by the Israeli army constituted war crimes, including unlawful killings, obstruction of medical assistance and targeting of medical personnel, extensive and wanton destruction of property, torture and the use of “human shields”.¹⁰

Arms export licences to Israel	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	9.0	2.0	1.0
Number of SIELs granted (refused/revoked)	136 (25)	25 (7)	21 (3)
Number of OIELs granted (refused/revoked) with regard to Israel	12 (0)	5 (0)	11 (0)
Number of incorporation SIELs granted (refused/revoked)	44 (1)	4 (0)	13 (0)
Number of SITCLs granted with Israel as destination	n/a	n/a	0
Number of OITCLs granted with Israel as destination	n/a	n/a	0

The actions of the Israeli Government and Israeli armed forces in the Occupied Territories constitute a serious and ongoing breach of international law. Moreover these actions continue in the face of international pressure and condemnation. Accordingly, Saferworld would expect that, with regard to the application of criterion 6, there would be a complete prohibition on the export from the UK to Israel of any military, security or police equipment that has obvious application for use in violations of human rights and of international humanitarian law. In addition there should be a presumption of denial with regard to exports of any other type of equipment which, although not having a direct application for repression, could nevertheless be used to assist or facilitate such abuses.

Potential concerns exist with regard to a number of licences granted during the reporting periods covered. However, the lack of detail with regard to the nature and quantities of the goods licensed for export and the end-user means that an informed and accurate assessment of UK export policy is difficult to achieve.

Licences of greatest concern under criterion 6

SIELs 2003: components for aiming devices, components for anti-armour missiles, components for anti-radiation missiles, components for combat aircraft, components for military aero-engines, components for military infrared/thermal imaging equipment, components for small arms ammunition, components for small calibre artillery, components for tanks, components for unmanned air vehicles, military aero-engines, small arms ammunition, software for the use of unmanned air vehicles, technology for the development of unmanned air vehicle control/handling/launching equipment, technology for the development of unmanned air vehicles, technology for the use of unmanned air vehicles, unfinished products for air to surface missiles, unmanned air vehicle control/handling/launching equipment, unmanned air vehicles, weapon day and night sights

SIELs January–March 2004: components for bombs, military aero-engines, small arms ammunition

⁸ Op cit, 'The Obligations of Israel and the Palestinian Authority Under International Law'.

⁹ 'Israel/Occupied Territories: Briefing to the 60th Session of the UN Commission on Human Rights', *Human Rights Watch*, January 2004, <http://hrw.org/english/docs/2004/01/29/isrlpa7482.htm>.

¹⁰ 'Annual Report 2004 – Israel and the Occupied Territories', *Amnesty International*, <http://web.amnesty.org/report2004/isr-summary-eng>.

OIEs January–March 2004: components for surface to surface missile launching vehicles, components for armoured fighting vehicles, components for combat aircraft

SIELs April–June 2004: armoured all wheel drive vehicles, components for anti-armour missiles, components for military infrared/thermal imaging equipment, components for unmanned air vehicles (2 licences), components for weapon day and night sights

OIEs April–June 2004: armoured all wheel drive vehicles

Philippines

The operations of Philippines Government security forces against insurgent groups have, in recent years, given serious cause for concern. Abuses of human rights and breaches of international humanitarian law have been reported as the Philippine forces, with US military support, have continued to confront the numerous armed groups operating across the country. These include the Communist New People's Army (NPA) and separatists in the form of the Abu Sayyaf Group (ASG), the Moro Islamic Liberation Front (MILF), and Jemaah Islamiyah (JI). All of these separatist groups are now believed to have increased their levels of collaboration with each other.¹¹ The NPA, while remaining active, has entered into peace negotiations with the Government; these were resumed in Norway in February 2004.¹² The Government also signed a ceasefire with MILF in July 2003 and meetings between the two took place in late March 2004, whereupon it was agreed to continue working towards a peaceful settlement. However, concerns remain within the Philippines Government and security forces that MILF is collaborating and training with JI in the Southern Philippines.¹³

In February 2003, an operation by the Armed Forces of the Philippines against MILF in the Buliok region of Mindanao reached its peak. Approximately 70,000 civilians were displaced¹⁴ and there were reports of the killing of 200 MILF guerrillas.¹⁵ Whether all of these deaths were of guerrillas is disputed, however, as civilians are also reported to have been killed.¹⁶ This, and other operations carried out by the Filipino security forces have resulted in claims of arbitrary extrajudicial killings and disappearances, torture, and arbitrary arrest and detention.¹⁷ In addition, the state's own Commission on Human Rights described the Philippine National Police as being the worst abuser of human rights, while police and local government leaders "at times appeared to sanction extrajudicial killings and vigilantism as expedient means of fighting crime and terrorism".¹⁸ Furthermore, in November 2003, the UN Human Rights Committee raised concerns at reports of "grave human rights violations" committed by Philippines Government forces.¹⁹

Arms export licences to Philippines	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	4.0	< 0.1	3.0
Number of SIELs granted (refused/revoked)	15 (0)	2 (1)	4 (0)
Number of OIEs granted (refused/revoked) with regard to Philippines	29 (0)	4 (0)	6 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted with Philippines as destination	n/a	n/a	0
Number of OITCLs granted with Philippines as destination	n/a	n/a	1

¹¹ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/mainPages/dsp_AnnualUpdate.asp?ConflictID=207.

¹² 'Timeline: The Philippines', *BBC News*, 17 November 2004, http://news.bbc.co.uk/1/hi/world/asia-pacific/country_profiles/1264117.stm.

¹³ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/mainPages/dsp_AnnualUpdate.asp?ConflictID=206.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ 'Annual Report 2004 – Philippines', *Amnesty International*, <http://web.amnesty.org/web/web.nsf/print/2004-phl-summary-eng>.

¹⁷ 'Country Reports on Human Rights Practices 2003 – Philippines', *US State Department*, <http://www.state.gov/g/drl/rls/hrrpt/2003/27786.htm>.

¹⁸ *Ibid.*

¹⁹ *Op cit*, *Amnesty International*.

The level of criticism directed at the Philippine security forces along with the credible reports of human rights abuses and of breaches of international humanitarian law give serious cause for concern. Accordingly, with regard to the application of criterion 6, Saferworld would expect there to be a complete prohibition on the export from the UK to the Philippines of any military, security or police equipment that has obvious application for use in violations of human rights and of international humanitarian law. In addition there should be a presumption of denial with regard to exports of other equipment which, while not having a direct application for repression, could nevertheless be used to assist or facilitate such abuses.

Potential concerns exist with regard to a number of licences granted during the reporting periods. However, the lack of detail with regard to the nature and quantities of the goods licensed for export and the end-user means that an informed and accurate assessment of UK export policy is difficult to achieve.

Licences of greatest concern under criterion 6

SIELs 2003: armoured all wheel drive vehicles, components for heavy machine guns, components for large calibre artillery, components for weapon sights, equipment for the use of large calibre artillery, heavy machine guns (3), large calibre artillery, sporting gun ammunition, technology for the production of military aero-engines, technology for the production of unmanned air vehicles, weapon sights

OIELs 2003: military aero-engines, components for military aero-engines, weapon sights, weapon night sights, components for weapon sights, technology for the use of weapon sights, military image intensifier equipment, components for military image intensifier equipment, technology for the use of military image intensifier equipment, armoured all wheel drive vehicles, technology for the use of armoured all wheel drive vehicles

SIELs January–March 2004: components for large calibre artillery

SIELs April–June 2004: handcuffs, equipment for the use of weapon control systems, technology for the use of weapon control systems, weapon control systems

OIELs April–June 2004: military aero-engines, components for military aero-engines, equipment for the use of military aero engines, equipment for the use of components for military aero-engines, technology for the use of military aero-engines, technology for the use of components for military aero-engines

Russia

The actions of Russian security forces within the context of the ongoing conflicts in Chechnya and Ingushetia have reportedly been in violation of international humanitarian law. Russian security forces have been described as enjoying “almost total impunity for serious violations of human rights and international humanitarian law committed in the Chechen Republic”.²⁰ In 2004, the US State Department stated that “in the continuing struggle with separatists in Chechnya ... federal security forces demonstrated little respect for basic human rights” and accordingly “the indiscriminate use of force by government troops in the Chechen conflict has resulted in widespread civilian casualties and the displacement of hundreds of thousands of persons”.²¹ Although the larger military raids, or *zachistki*, have been decreasing, targeted operations by Russian forces have continued and are allegedly accompanied by serious violations of human rights, with large numbers of Chechens – particularly

²⁰ ‘Annual Report 2004 – Russian Federation’, *Amnesty International*, <http://web.amnesty.org/web/web.nsf/print/2004-rus-summary-eng>.

²¹ ‘Country Reports on Human Rights 2003 – Russia’, *US State Department*, <http://www.state.gov/g/drl/rls/hrrpt/2003/27861.htm>.

men and boys – killed or “disappeared”. Abuses reported included extrajudicial executions, “disappearances” and torture, including rape; such abuses can constitute war crimes.²²

The March 2003 referendum on Chechnya’s status within the Russian Federation and the October 2003 Chechnyan Presidential election were described by Human Rights Watch as “seriously flawed” and contributed little towards the establishment of a political solution to the problem.²³ Furthermore, around the time of the October elections the Russian Government began to push for the return of 80,000 Chechen refugees living in camps in Ingushetia, the last of which was closed in June 2004.²⁴ However the methods used to persuade the refugees to return to Chechnya were disturbing. According to reports, “Ministry of Internal Affairs officials destroyed several tent camps in Ingushetia, turned off water and electricity supplies, and threatened the population with a combination of violence, arrests, threats and promises in order to force them across the border”.²⁵

Arms export licences to Russia	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	13.0	3.0	2.0
Number of SIELs granted (refused/revoked)	40 (0)	14 (0)	21 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of OIELs granted (refused/revoked) with regard to Russia	15 (0)	2 (0)	7 (0)
Number of SITCLs granted with Russia as destination	n/a	n/a	0
Number of OITCLs granted with Russia as destination	n/a	n/a	0

The serious breaches of international humanitarian law which have been perpetrated by Russian forces in Chechnya involve the flouting of a number of international laws in respect of both the use of force and the protection of civilians in conflict situations. Accordingly, with regard to the application of criterion 6, Saferworld would expect there to be a complete prohibition on the export from the UK to Russia of any military, security or police equipment that has obvious application for use in violations of human rights and of international humanitarian law. In addition there should be a presumption of denial with regard to exports of any other type of equipment which, whilst not having a direct application for repression, could nevertheless be used to assist or facilitate such abuses.

Potential concerns exist with regard to a number of licences granted during the reporting period. However, the lack of detail with regard to the nature and quantities of the goods licensed for export and the end-user means that an informed and accurate assessment of UK export policy is difficult to achieve.

Licences of greatest concern under criterion 6

SIELs 2003: assault rifles (8), gun silencers, components for sporting rifles, semi-automatic pistols (12), small arms ammunition, sniper rifles (2), sporting gun ammunition, sporting rifles (332), submachine guns (2), technology for the use of military aero-engines

OIELs 2003: components for combat aircraft, components for combat helicopters

SIELs January–March 2004: components for sniper rifles, shotguns (2)

SIELs April–June 2004: armoured all wheel drive vehicles

²² Op cit, *Amnesty International*.

²³ ‘Russia 2004’, *Human Rights Watch*, January 2004, http://hrw.org/english/docs/2003/12/31/russia7273_txt.htm.

²⁴ Armed Conflict Database (IISS), http://acd.iiss.org/armedconflict/mainPages/dsp_AnnualUpdate.asp?ConflictID=147.

²⁵ Op cit, *Human Rights Watch*.

Criterion 7: End-use and diversion

Indonesia

For some years, the end-use of UK arms exported to Indonesia has given serious cause for concern amongst human rights groups. For example, in April 1996 UK-built Scorpion tanks were used to assault a university in what was then the city of Ujung Pandang; in May 1998 UK-built Tactica water cannons were regularly used on demonstrators; in November of the same year, Scorpion tanks were again used to suppress student protests; in 1999 UK-built Hawk jets were used over East Timor for the purpose of intimidating the local population.¹ These abuses took place despite the claim by the UK Government that assurances had been received from the Indonesian Government that UK-built equipment would not be used to commit acts of internal repression.² In 2003 it was alleged that UK-built equipment was once again being deployed with Saracen armoured vehicles, Hawk jets and Scorpion tanks reportedly being used in Aceh.³

The recent use of UK-sourced arms in Aceh occurred despite statements by the UK Government that they were satisfied with assurances from the Indonesian Government that equipment of UK origin would not be used to violate human rights. This despite the fact that in June 2003 the senior Indonesian military spokesman in Aceh, Colonel Ditya Sudarsono said of the Scorpion deployment to Aceh, that “They will become a key part of our campaign to finish off the separatists”. When asked whether the UK might be unhappy at this deployment, Colonel Sudarsono replied “Maybe later the British foreign minister will have a fit”.⁴ In its May 2004 report, the QSC’s concluded that it had seen “no evidence that the Government has taken any action (other than talking to the Indonesian authorities) to investigate claims that British-built military equipment has been used in violation of human rights or offensively in Aceh. This calls into question the importance of such assurances in the eyes of the Government”.⁵

In response to the QSC report the UK Government stated that it had tried to find footage of UK-built military equipment being used in Aceh, that officials from the British Embassy in Jakarta had “immediately enquired about the reports”, and that the issue had been raised with senior Indonesian Government officials. Following these enquiries the UK Government concluded that, “to date we have no reason to believe

¹ ‘Scorpions move in on rebels as Indonesia reneges on weapons pledge to Britain’, John Aglionby & Richard Norton-Taylor, *The Guardian*, 24 June 2003, <http://www.guardian.co.uk/print/0,3858,4697448-103547,00.html>.

² *Ibid.*

³ ‘Ministers flout arms sales code’, Richard Norton-Taylor, *The Guardian*, 6 December 2003, <http://www.guardian.co.uk/print/0,3858,4813557-103685,00.html> 19 October 2004.

⁴ *Op cit.*, <http://www.guardian.co.uk/print/0,3858,4697448-103547,00.html>.

⁵ QSC Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmdfence/390/39007.htm> HC390.

that British-built military equipment has been used in violation of the [Indonesian Government's] assurances".⁶

Arms export licences to Indonesia	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	12.5	5.5	3.5
Number of SIELs granted (refused/revoked)	110 (5)	41 (0)	48 (2)
Number of OIELs granted (refused/revoked) with regard to Indonesia	13 (0)	1 (0)	3 (0)
Number of incorporation SIELs granted (refused/revoked)	4 (0)	0 (0)	2 (0)
Number of SITCLs granted with Indonesia as destination	n/a	n/a	0
Number of OITCLs granted with Indonesia as destination	n/a	n/a	1

Over the past decade, the track record of the Indonesian government as regards its use of equipment of UK origin in the abuse of human rights, on occasion in direct contradiction of assurances given, is a matter of considerable disappointment. Taken together with the apparent lack of concern in senior military circles within Indonesia regarding end-use assurances given to the UK Government it cannot be expected that existing or further assurances given by the Indonesian Government would be honoured. Accordingly, under criterion 7, Saferworld would expect a prohibition with regard to the export to Indonesia of any police and military goods – including parts, components and ammunition therefor – which have obvious application in internal repression; a similar prohibition should operate with regard to major conventional weaponry which could be used to facilitate breaches of human rights.

Licences of greatest concern under criterion 7

SIELs 2003: ballistic shields, components for aircraft machine guns, components for combat aircraft, components for military aero-engines, components for military utility helicopters, components for tanks, general military aircraft components, gun silencers, military image intensifier equipment, missile launching equipment, technology for the production of combat aircraft, technology for the production of military aero-engines, technology for the use of aircraft cannons, technology for the use of combat aircraft, weapon sights

OIELs 2003: components for combat aircraft, technology for the use of combat aircraft

SIELs January–March 2004: components for aircraft cannons, components for combat aircraft (2 licences), components for military aero-engines, components for munitions launching equipment, general military aircraft components (2 licences), general military vehicle components, technology for the use of combat aircraft (2 licences), technology for the use of general military aircraft components, technology for the use of military aero-engines, technology for the use of munitions launching equipment

SIELs April–June 2004: components for combat aircraft, components for combat helicopters (3 licences), components for military aero-engines (2 licences), munitions launching equipment, technology for the use of aircraft cannons, technology for the use of combat aircraft (5 licences), technology for the use of military aero-engines (3 licences), technology for the use of munitions launching equipment

SIELs-Incorporation, April–June 2004: components for combat helicopters

⁶ *Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny, Response from the Secretaries of State for Defence, Foreign and Commonwealth Affairs, International Development and Trade and Industry, October 2004, para. 19, <http://www.fco.gov.uk/Files/KFile/CM6357.pdf>.*

Iraq

The establishment of new security forces in Iraq has involved the acquisition by the Iraqi Interim Authority of significant amounts of new weaponry. Figures released by the Multinational Security Transition Command-Iraq state that for the month of October 2004 Iraqi security forces received, for example, 12,000 AK-47 rifles, 29,163 variants of 9mm pistols, 4 million 9mm pistol rounds, 12 million AK-47 rounds, 60 Soviet-made PKM machine guns, 594 RPK Soviet light machine guns, 322,000 shotgun shells and 5,248 grenades.⁷ However questions remain as to the training, organisation and reliability of the Iraqi security forces.

In September 2004 it was reported that while there were 82,051 Iraqi police officers on the payroll, only 32,880 had received training under US guidance, and, of that figure, only 8,200 had received the full eight-week training course.⁸ Furthermore given the speed at which recruitment is taking place and the growing array of Iraqi security forces including the Iraqi Army, the National Guard, the Iraqi Prevention Force and the Special Operation Forces, together with the Department of Border Enforcement and the Facilities Protection Service,⁹ it has been claimed that the exact number of Iraqi security officers is not known, with officials claiming that record-keeping is primitive and chaotic.¹⁰

In addition there have been more specific problems with Iraqi police or security forces turning their weapons on coalition forces and supporting the uprising by Moqtada al-Sadr¹¹ or joining the insurgents in Fallujah.¹²

New recruits to Iraq's security forces have also engaged in criminal activities. For example, in March 2004 two American contractors and their Iraqi translator were shot dead at a police checkpoint by Iraqi police, who then took the car in which they had been travelling.¹³ During the clashes around Najaf in August between US-led forces and forces loyal to al-Sadr, Iraqi police were reported to have threatened, and even shot at, journalists before raiding the hotel where they were staying and arresting several.¹⁴ In addition, accusations of police corruption are widespread along with civilian complaints that the police establish checkpoints in order to extract bribes.¹⁵

Along with the problems of the accountability and training of Iraq's own security forces, the presence in Iraq of 25 private security firms (PSC)¹⁶ has created a further problem of their accountability and regulation. In all there are estimated to be about 15,000 PSC employees in Iraq, of which about 6,000 are armed, making them the second largest contributor to coalition forces after the US military.¹⁷

There remains however a 'grey zone' between the roles of PSC employees as bodyguards and their role in combat situations.¹⁸ For example it is reported that PSC employees have been used to snatch suspected Saddam Hussein loyalists and have

7 'Multinational Command Supplies Iraqi Security Forces', *US Department of Defence*, 1 November 2004, http://www.defenselink.mil/news/Nov2004/n11012004_2004110103.html.

8 Walter Pincus, 'US Says More Iraqi Police Are Needed as Attacks Continue', *Washington Post*, 28 September 2004, <http://www.washingtonpost.com/ac2/wp-dyn/A55070-2004Sep27?language=printer>.

9 *Ibid.*

10 *Ibid.*

11 'Iraqi police defect to Sadr', *News.com.au*, 13 April 2004, http://www.news.com.au/common/story_page/0,4057,9265904^1702,00.html.

12 Damien McElroy, 'New Iraqi police fight US troops who trained them', *The Daily Telegraph*, 27 June 2004, <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2004/06/27/wirq127.xml&sSheet=/news/2004/06/27/ixnewstop.html>.

13 'US fears Iraqi police were behind the deaths of 2 civilians', *International Herald Tribune*, 12 March 2004, <http://www.ihf.com/articles/509983.html>.

14 Adrian Blomfield, 'Police fire at reporters as US tanks roll up to shrine', *telegraph.co.uk*, 16 August 2004, <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2004/08/16/wirq216.xml&sSheet=/news/2004/08/16/ixnewstop.html>.

15 David Enders, 'Iraqi police a law unto themselves', *Asia Times Online*, 3 February 2004, http://www.atimes.com/atimes/Middle_East/FB03Ak01.html.

16 Tom Squitieri, 'Role of security companies likely to become more visible', *Usatoday.com*, 1 April 2004, http://www.usatoday.com/news/world/iraq/2004-04-01-security-usat_x.htm.

17 Jamie Wilson, 'Private security firms call for more firepower in combat zone', *The Guardian*, 17 April 2004, <http://www.guardian.co.uk/Iraq/Story/0,2763,1193871,00.html>.

18 *Ibid.*

been involved in operating checkpoints usually operated by US soldiers.¹⁹ Furthermore there are reports of fire-fights between Iraqi insurgents and PSC employees; in April 2004 it was reported that there were clashes between PSC employees working for the Blackwater Security Consulting and insurgents in Najaf in which an unknown number of Iraqis were killed.²⁰ Some PSC employees have reportedly claimed to be “accountable to nobody”.²¹ This raises serious questions about the role and accountability of PSC employees in Iraq, and, consequently, whether UK arms exports to Iraq could or should be destined for PSC end-use.

Arms export licences to Iraq	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	2.0	7.0	25.0
Number of SIELs granted (refused/revoked)	24 (0)	11 (1)	26 (0)
Number of OIELs granted (refused/revoked) with regard to Iraq	1 (0)	0 (0)	3 (0)
Number of incorporation SIELs granted (refused/revoked)	1 (0)	0 (0)	4 (0)
Number of SITCLs granted with Iraq as destination	n/a	n/a	2
Number of OITCLs granted with Iraq as destination	n/a	n/a	0

Military equipment gifted by the Government during financial year 2003/04

3,200 hand held and 300 vehicle radios	£1m
13 GAZ trucks	£159,000

The significant problems that are occurring in terms of the discipline, organisation and accountability of the new Iraqi security services must call into question the UK Government’s decision to authorise the supply of such large quantities of small arms to the new Iraqi security forces, for example the licensing for export of 21,428 semi-automatic pistols in the period April–June 2004. While the need for internal security in Iraq is not in question, the supply of increasing amounts of arms should only be undertaken to official forces which have been properly trained and where clear accountability mechanisms are in place. Without a statement by the Government to this effect, which also clarifies whether there have been any exports of controlled goods to PSC in Iraq, such exports raise concerns under criterion 7.

Licences of greatest concern under criterion 7

SIELs 2003: anti-riot shields, components for semi-automatic pistols, components for submachine guns, equipment for the use of semi-automatic pistols, equipment for the use of submachine guns, semi-automatic pistol maintenance equipment, semi-automatic pistols (235), small arms ammunition, smoke hand grenades, submachine gun maintenance equipment, submachine guns (135), technology for the use of semi-automatic pistols

SIELs January–March 2004: assault rifles (100), components for semi-automatic pistols (2 licences), general purpose machine guns (100), semi-automatic pistols (550), small arms ammunition (2 licences), armoured all wheel drive vehicles

SIELs April–June 2004: armoured all wheel drive vehicles (3 licences), assault rifles (500), components for assault rifles, components for semi-automatic pistols (2 licences), military infrared/thermal imaging equipment, semi-automatic pistols (21428), small arms ammunition (2 licences), submachine guns (100), technology for the use of semi-automatic pistols

¹⁹ Borzou Daragahi, ‘Use of private security firms in Iraq draws concerns’, *The Washington Times*, 6 October 2003, <http://washingtontimes.com/world/20031006-122420-5426r.htm>.

²⁰ Op cit, Jamie Wilson.

²¹ Op cit, Borzou Daragahi.

Israel

According to the Israeli Ministry of Defence, Israeli defence exports account for 10–12 percent of the global total, and were worth around US \$3bn in 2003. They are expected to be of the same approximate value for 2004, while in terms of production, only 20–30 percent is destined for the Israeli Defence Force, leaving 70–80 percent for export.²² Israel's main export markets include China, India, Singapore, Sri Lanka, Turkey and the US.²³ In 2002, 75 percent of the state-owned Israel Aircraft Industries sales were to overseas clients, with 50 percent of those sales going to India.²⁴ The types of arms which Israel exports are predominantly advanced electronic systems, such as unmanned aerial vehicles and exports for the upgrading of subsystems.²⁵

Israel is currently the second largest exporter of arms to China.²⁶ In June 2004 a report by the US-China Economic and Security Review Commission, created in 2000 by the US Congress, labelled Israel's defence relationship with China as increasingly worrisome.²⁷ The Commission's Vice Chairman, Dick D'Amato, said that despite "strenuous" efforts by Washington to restrain sales of Israeli arms to China, "there's still not the level of co-operation and assurance that has relieved our concerns. We're very worried about this relationship".²⁸ Under US pressure, in January 2003 Israel agreed to suspend arms and security equipment sales to China that could harm US security interests in relation to Taiwan. However Israeli officials remained committed to selling arms to China that were available on the world arms market.²⁹ Key to China's military modernisation has been its "extensive" acquisition of military technologies from overseas, with Israel as its second largest supplier.³⁰ The types of equipment believed to have been exported by Israel to China include unmanned aerial vehicles, radar systems, optical and telecommunications equipment, drones and flight simulators³¹.

Concerns arising from UK exports to Israel not only include fears of re-export under undesirable conditions, but also in respect of the end use of arms exports to Israel. In 2002 this issue was highlighted by the use of converted UK-built centurion tanks for operations in the Occupied Territories, despite Israeli pledges that they would not be used in the Territories, and also the export of parts for F-16 fighter jets, at the same time that F-16s were being used to attack targets within both Gaza and the West Bank³².

Arms export licences to Israel

	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	9.0	2.0	1.0
Number of SIELs granted (refused/revoked)	136 (25)	25 (7)	21 (3)
Number of OIELs granted (refused/revoked) with regard to Israel	12 (0)	5 (0)	11 (0)
Number of incorporation SIELs granted (refused/revoked)	44 (1)	4 (0)	13 (0)
Number of SITCLs granted with Israel as destination	n/a	n/a	0
Number of OITCLs granted with Israel as destination	n/a	n/a	0

Given the concerns of diversion, both in terms of end-use and end-user, of arms exports to Israel, and given the failure of Israel to honour its explicit end-use commitments in the past, Saferworld would expect maximum restraint to be exercised for

22 Zvi Lavi, 'Defence Ministry: Israeli defence exports 10–12% of global total', *Globes*, 6 July 2004, <http://www.globes.co.il/DocsEn/did=811925.htm>.

23 Peter Enav, 'AP Breaking News – Israel's weapons exports skyrocket, making it friends and money' ... *SFGate.com*, 18 November 2003, <http://www.sfgate.com/cgi-bin/article.cgi?f=/news/archive/2003/11/18/international0156EST0428.DTL>.

24 *Ibid.*

25 Philipp Nielsen, 'Israeli arms exports: still a means of quiet diplomacy?', *Weltpolitik.net*, 11 August 2004, <http://www.weltpolitik.net/Regionen/Naher%20u.%20Mittlerer%20Osten/Israel/Analysen/Israeli%20arms%20exports:%20still%20a%20means%20of%20quiet%20diplomacy%3F.html>.

26 'Israel, Russia arms sales to China concern US', 15 June 2004, <http://www.russiajournal.com/news/cnews-article.shtml?nd=44212>.

27 *Ibid.*

28 *Ibid.*

29 Wade Boese, 'Israeli Arms Exports to China of Growing Concern to US', *Arms Control Association*, March 2003, http://www.armscontrol.org/act/2003_03/isralexport_mar03.asp?print.

30 *Op cit*, *The Russia Journal*.

31 *Ibid.*

32 Ewen MacAskill & Richard Norton-Taylor, 'Britain tightens arms exports to Israel', *The Guardian*, 23 August 2002, <http://www.guardian.co.uk/armstrade/story/0,10674,779431,00.html>.

exports to Israel under criterion 7. This would apply to equipment destined for the use of the Israeli security forces within the Occupied Territories that would be used for internal repression and for those items that are to be incorporated by Israel for onward export. The incorporation issue is most stark when considering the possible onward export to states under embargo, such as China.

In this context it is of extreme concern that, notwithstanding the significant amount of SIELs licensed for Israeli end-use, in the 18 months to June 2004, 61 incorporation licences were awarded for exports to Israel (second only to the US, with 64 incorporation licences).

Licences of greatest concern under criterion 7

SIELs 2003: components for aiming devices, components for airborne electronic warfare equipment, components for anti-armour missiles, components for anti-radiation missiles, components for combat aircraft, components for electronic warfare equipment, components for military aero-engines, components for military aircraft head-up displays, components for military infrared/thermal imaging equipment, components for optical target surveillance equipment, components for small arms ammunition, components for small calibre artillery, components for tanks, components for unmanned air vehicles, software for the use of unmanned air vehicles, technology for the development of unmanned air vehicle control/handling/launching equipment, technology for the development of unmanned air vehicles, technology for the use of unmanned air vehicle control/handling/launching equipment, technology for the use of unmanned air vehicles, test equipment for unmanned air vehicle control equipment, unfinished products for air to surface missiles, unmanned air vehicle control/handling/launching equipment, unmanned air vehicles, weapon day and night sights

SIELs for Incorporation 2003: components for aiming devices, components for airborne warfare equipment, components for anti-radiation missiles, components for electronic warfare equipment, components for military aero-engines, components for military infrared/thermal imaging equipment, components for optical target acquisition equipment, components for unmanned air vehicles, equipment for the use of unmanned air vehicles, military aero-engines, technology for the use of optical target designator equipment

SIELs January–March 2004: components for bombs, military aero-engines, production equipment for optical target tracking equipment, small arms ammunition, technology for the use of laser range finders, weapon control systems

SIELs for Incorporation, January–March 2004: components for combat aircraft, components for infrared/thermal imaging equipment

OIELs January–March 2004: components for electronic warfare equipment, components for airborne electronic warfare equipment, components for armoured fighting vehicles, components for surface to surface missile launching vehicles

SIELs April–June 2004: armoured all wheel drive vehicles, components for airborne electronic warfare equipment, components for anti-armour missiles, components for military infrared/thermal imaging equipment, components for unmanned air vehicles (2 licences), components for weapon day and night sights

SIELs for Incorporation April–June 2004: components for airborne electronic warfare equipment, components for military infrared/thermal imaging equipment, components for unmanned air vehicles (2 licences), components for weapon day and night sights

OIELs April–June 2004: armoured all wheel drive vehicles, components for airborne electronic warfare equipment, components for electronic warfare equipment

Pakistan

With the establishment of the Defence Export Promotion Organisation (DEPO) in 2001, the Pakistani government of President Musharraf set itself the aim of capturing one percent of the global arms export market by 2007.³³ If the value of global arms deliveries remained the same as for 2003, that is \$28.748 bn,³⁴ this would give Pakistan an arms export industry worth almost \$300 m. Indeed, following its establishment as the first Muslim state to have acquired nuclear weapons, there were calls from parts of the Arab world for Pakistan to take on the role of the major Muslim defence exporting state.³⁵ Pakistan's traditional export markets have included Egypt, Kuwait, Malaysia, Saudi Arabia, Syria, Turkey and the UAE, in addition to main customers Sri Lanka and Bangladesh. However, in March 2003 it was revealed that DEPO was also planning to target states such as Algeria, the Congo, Indonesia, Libya, Sudan and Zimbabwe,³⁶ several of which are experiencing conflict and are subject to either EU or UN arms embargoes. Pakistan also maintains a long-term strategic alliance with China – also the subject of an EU arms embargo – that has included exchanges of technologies and the co-production of weapons systems, such as the JF-17 fighter jet.³⁷

Pakistan has also been at the centre of controversy surrounding the spread of weapons of mass destruction (WMD) technologies. In January 2004, with the removal of Dr Abdul Qadeer Khan from his position as scientific advisor to the prime minister of Pakistan, it was revealed that he had established a clandestine network of black market contacts for the proliferation of nuclear technology. This network based in Dubai, also included another Pakistani scientist, Mohammed Farooq, and supplied sensitive nuclear technologies to Iran, Libya and North Korea.³⁸ Dr Khan is now subject to effective house arrest, however there remains widespread concern that Dr Khan's activities could not have occurred without at least the tacit sanction of the Pakistani government.

While Pakistan is looking to obtain self-sufficiency in its arms production, it nevertheless relies on overseas purchases to keep up-to-date with technological advances, which it then replicates and exports. Pakistan's Director of Policy was reported to have said that the country hopes to sell major weapon systems like the Agosta 90B submarine (originally acquired from France, but now manufactured within Pakistan), mine-hunters, tanks, armoured personnel carriers, missile and gun boats, jet trainers and propeller driven aircraft to customers such as Algeria, Congo, Indonesia, Iran, Kenya, Libya, Nigeria, Sri Lanka, Sudan and Zimbabwe.³⁹

Arms export licences to Pakistan

	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	29.5	6.5	3.0
Number of SIELs granted (refused/revoked)	240 (14)	32 (3)	42 (3)
Number of OIELs granted (refused/revoked) with regard to Pakistan	19 (0)	2 (0)	5 (0)
Number of incorporation SIELs granted (refused/revoked)	2 (1)	0 (0)	0 (0)
Number of SITCLs granted with Pakistan as destination	n/a	n/a	0
Number of OITCLs granted with Pakistan as destination	n/a	n/a	0

Given Pakistan's intent to export military equipment to countries and regions which appear potentially problematic, along with the role played by Pakistani figures in the transfer of sensitive nuclear technologies, serious questions must be raised concerning

³³ Nadeem Iqbal, 'Pakistan's arms industry aims high', *Asia Times Online*, 4 October 2002, http://atimes.com/atimes/South_Asia/DJ04Df08.html.

³⁴ Military Balance 2004–2005 (IISS), p. 359.

³⁵ 'Pakistan Targets Arab World For Its Arms Export', *South-Asian Defence News*, August 2002, <http://www.pakistanidefence.com/news/MonthlyNewsArchive/2002/August2002.htm>.

³⁶ 'Pakistan to sell weapons to boost exports', *paknews.com*, 28 March 2002, <http://www.paknews.com/top.php?id=1&date1=2002-03-28>.

³⁷ 'Air Chief in China For JF-17 Flight Ceremony', *South-Asian Defence News*, September 2003, <http://www.pakistanidefence.com/news/MonthlyNewsArchive/2003/Sep2003.htm>.

³⁸ 'A.Q. Khan', *GlobalSecurity.org*, <http://www.globalsecurity.org/wmd/world/pakistan/khan.htm>.

³⁹ Op cit, *paknews.com*.

the suitability of Pakistan as a destination for UK arms exports. At a minimum, under criterion 7, Saferworld would expect there to be a prohibition on the export from the UK to Pakistan of any new, or relatively new, conventional military technologies as well as on any nuclear, chemical, biological or related dual-use technologies. While it may be the case that the UK has not exported any such items to Pakistan, the lack of detailed information provided on this issue inhibits a definitive judgement.

Licences of greatest concern under criterion 7

SIELs 2003: components for combat aircraft, components for combat helicopters, components for destroyers, components for electronic warfare equipment, components for frigates, components for large calibre artillery, components for military combat aircraft, components for military combat helicopters, components for naval engines, components for naval light guns, components for submarines, components for torpedo launching equipment, components for unmanned air vehicles, components for unmanned air vehicles control/handling/launching equipment, electronic warfare equipment, equipment for the use of military aero-engines, equipment for the use of unmanned air vehicles control/handling/launching equipment, naval engines, technology for the use of electronic warfare equipment, technology for the use of unmanned air vehicles control/handling/launching equipment, unmanned air vehicles control/handling/launching equipment, unmanned air vehicles

SIELs for Incorporation 2003: components for military aero-engines

OIELs 2003: components for military aero-engines, components for combat aircraft, components for combat helicopters, castings for combat helicopters, forgings for combat helicopters, unfinished products for combat helicopters, equipment for the use of combat helicopters, technology for the use of combat helicopters, technology for the use of equipment for the use of combat helicopters, castings for military aero-engines, forgings for military aero-engines, unfinished products for military aero-engines, technology for the production of military aero-engines, technology for the use of military aero-engines, components for airborne electronic warfare equipment, components for frigates, components for naval light guns, components for torpedo control equipment, components for torpedo handling equipment, components for torpedo launching equipment, production equipment for combat helicopters, production equipment for military aero-engines

SIELs January–March 2004: components for combat aircraft (2 licences), components for combat helicopters, components for frigates (3 licences), components for military aero-engines

OIELs January–March 2004: components for frigates, components for naval engines

SIELs April–June 2004: components for armoured personnel carriers (2 licences), components for combat helicopters (2 licences), components for destroyers (2 licences), components for frigates (10 licences), components for large calibre artillery, components for military aero-engines, components for torpedo launching equipment, technology for the use of combat aircraft, torpedo launching equipment

OIELs April–June 2004: military aero-engines, components for military aero-engines, equipment for the use of military aero-engines, equipment for the use of components for military aero-engines, technology for the use of military aero-engines, technology for the use of components for military aero-engines

Criterion 8: Development

India

UNDP Human Development Report¹

GDP per capita (PPP US\$)	2,670
Life expectancy at birth 2000–5	63.9
Adult Literacy Rate (percent)	61.3
Human Development Index (HDI) 2002	0.595 (0.563 in 2000)
HDI ranking	127 (out of 177)
Education	4.1% of GDP
Health	0.9% of GDP
Defence	2.3% of GDP

World Bank²

Aid dependency	0.29% of GNI
Total external debt	17.3% of GNI

India is classed by the UNDP as a medium development country.³ The economy grew at a rate of 8 percent in 2003.⁴ India's social indicators are above the South Asian average, with 99 percent of primary school-age children enrolled in schools, and infant mortality rates slightly lower, at 65 per thousand births, than the South Asian average rate of 68 per thousand births.⁵

Nevertheless, 29 percent of the population still live below the national poverty line of US \$1 per day.⁶ Income distribution remains very unequal, with the top 20 percent of the population receiving 46.1 percent of national income and the bottom 20 percent receiving 8.1 percent.⁷ India's population, now more than 1.2 billion, is growing at a rate of 1.7 percent annually.⁸ India is now home to a quarter of the world's poor people; DfID has stated that "progress towards Millennium Development Goals in India is central to world performance."⁹ India is the largest recipient of UK bilateral aid,

¹ *UNDP Human Development Report 2004*, (UNDP), <http://hdr.undp.org/reports/global/2004/>.

² *World Development Indicators 2004*, (World Bank, April 2004), <http://www.worldbank.org/data/wdi2004/index.htm>.

³ *Op cit*, *UNDP Human Development Report 2004*.

⁴ *World Development Indicators database: India Data Profile*, (World Bank, July 2004) <http://devdata.worldbank.org/external/CPProfile.asp?SelectedCountry=IND&CCODE=IND&CNAME=India&Ptype=CP>.

⁵ 'India at a glance,' World Bank Group, February 2004, http://www.worldbank.org/cgi-bin/sendoff.cgi?page=%2Fdata%2Fcountrydata%2Faag%2Find_aag.pdf.

⁶ *Ibid*.

⁷ *US Department of State Country Reports on Human Rights 2003: India*, <http://www.state.gov/g/drl/rls/hrpt/2003/27947.htm>.

⁸ *Ibid*.

⁹ 'Country Profiles: India' DfID, 10 November 2004, <http://www.dfid.gov.uk/countries/asia/india.asp>.

receiving £156 million in the period 2002–2003, with aims of further increases up to £300 million.¹⁰

Despite the significant development challenges, in terms of purchasing power parity (PPP), in 2003 India had the 3rd largest defence budget in the world.¹¹ Moreover, India's military expenditure has undergone an annual average increase of 4.9 percent over the 10-year period 1994–2003.¹² This high level of military spending seems set to continue, as India has undertaken a massive procurement programme, including the purchase of 126 Mirage jets and six submarines from France, the Admiral Gorshkov aircraft carrier from Russia, and 66 Hawk jets from the UK, while at the same time India is seeking to buy between 1,200 to 1,500 howitzers.¹³ This procurement programme has prompted an increase in India's defence budget to \$19.1 billion in 2004,¹⁴ the biggest ever allocation to defence for India.

Arms export licences to India	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	86.5	35.5	18
Number of SIELs granted (refused/revoked)	953 (78)	223 (21)	220 (7)
Number of OIELs granted (refused/revoked) with regard to India	82 (0)	13 (0)	26 (1)
Number of incorporation SIELs granted (refused/revoked)	9 (0)	1 (0)	1 (0)
Number of SITCLs granted with India as destination	n/a	n/a	0
Number of OITCLs granted with India as destination	n/a	n/a	2

Although the level of health and education combined was higher than military expenditure in 2003, the latter still accounted for 15 percent of Government spending in 2003,¹⁵ and India spends almost three times more on defence than on health. Indeed the fact that India is the largest recipient of bilateral aid from the UK suggests that the Government recognises the serious development challenges facing the country. It is of great concern, therefore, that the UK Government has issued a total of 1,396 SIELs to the value of £140 million and as many as 121 OIELs for the period January 2003–June 2004, an amount which must be regarded as excessive, regardless of any specific judgements that have been made concerning India's legitimate defence needs.

Given the economic and social problems facing India, Saferworld believes that the UK Government should not be supporting massive military procurement by the Indian Government, with all the implications it has for the Indian economy and for regional stability. In this regard, it is also important to acknowledge the potential impact Indian defence procurement is likely to have on Pakistan's defence budget, and the adverse implications this might have on development in both countries (see Pakistan entry below).

In view of the very high levels of bilateral aid now granted to India by the UK Government, under criterion 8, Saferworld would expect a presumption of denial over the granting of export licences for high-value major conventional weapons transfers from the UK to India unless a clear defence need can be demonstrated. In general terms, however, Saferworld would expect the UK Government to operate maximum restraint with regard to the export of arms to India.

¹⁰ Ibid.

¹¹ The figures in PPP dollar terms are converted at PPP rates (for 2000), calculated by the World Bank, based on comparisons of gross national product (GNP). *SIPRI Yearbook 2004*, Table 10.4, p312.

¹² Ibid, p333.

¹³ BBC News, 'India's ever-increasing defence budget' BBC, 10 November 2004 http://news.bbc.co.uk/1/hi/world/south_asia/3876401.stm.

¹⁴ *The Military Balance 2004/2005*, IISS 2004, p313.

¹⁵ Op cit, *SIPRI Yearbook 2004*, p333.

Nigeria

UNDP Human Development Report¹⁶

GDP per capita (PPP US\$)	860
Life expectancy at birth 2000–5	51.5
Adult Literacy Rate 2002 (per cent)	66.8
Human Development Index (HDI) 2002	0.466 (0.439 in 2000)
HDI ranking	151 (out of 177)
Education	n/a
Health	0.8% of GDP
Defence	1.1% of GDP

World Bank¹⁷

Aid dependency	0.85% of GNI
Total external debt	82.3% of GNI

Nigeria is classed by the UNDP as a country of low development.¹⁸ African governments – led by South Africa, Nigeria, Senegal and Algeria – continued to work under the New Partnership for Africa's Development (NEPAD), and the related African Peer Review Mechanism. NEPAD is focused on economic development, but unusually, explicitly recognises that 'peace, security, democracy, good governance, human rights and sound economic management are conditions for sustainable development.'¹⁹

Nevertheless, economic and social rights, such as the right to health and the right to an adequate standard of living, remain unfulfilled for many Nigerians.²⁰ Seven out of ten Nigerians live on less than the International Poverty Line of US\$1 per day.²¹ The poorest 20 per cent of Nigerians have access to only 4.4 per cent of the country's income or consumption.²² While adult literacy rates have risen only marginally over the last few years,²³ and there has actually been a longer-term reduction in the completion of primary education.²⁴

Nigeria is the largest oil producer in Africa. Oil exports account for 98.5 percent of Nigeria's total exports. However, little of this wealth is distributed within the Niger Delta – the centre of Nigerian oil production – or to the Nigerian people as a whole. Most of the population of approximately 130 million are rural and engaged in small-scale agriculture. Increasing unemployment is a problem and inadequate infrastructure, endemic corruption, and general economic mismanagement hinders economic growth, while much of the country's wealth remains concentrated in the hands of a small elite. Corruption, opaque government contracting practises, and other systems favour the wealthy and politically influential while wages and benefits have not kept pace with inflation.²⁵

Nigeria is classed by the UNDP as a severely indebted country.²⁶ Despite this, Nigeria's defence budget continues to increase. In 2004, it stood at \$572 million, an increase of just under \$100 million from the previous year.²⁷ Nigeria's defence expenditure has increased by \$300 million over the last 9 years.²⁸

¹⁶ *UNDP Human Development Report 2004*, (UNDP), <http://hdr.undp.org/reports/global/2004/>.

¹⁷ *World Development Indicators 2004*, (World Bank, April 2004), <http://www.worldbank.org/data/wdi2004/index.htm>.

¹⁸ Op cit, *UNDP Human Development Report 2004*.

¹⁹ *Human Rights Watch World Report 2003: Nigeria*, (Human Rights Watch), <http://www.hrw.org/wr2k4/4.htm>.

²⁰ 'Nigeria: Are Human Rights in the Pipeline?' Amnesty International, 9 November 2004, <http://web.amnesty.org/pages/ec-nigeria2004-eng>.

²¹ Ibid.

²² Ibid.

²³ Adult Literacy Rate stood at 62.6 (1999), 63.9 (2000), 65.4 (2001) and 66.8 (2002- most recent figure), *UNDP Human Development Reports 2001–2004 inclusive* (UNDP).

²⁴ In 1990 Primary Completion Rate stood at 72%, in 2002 (latest figures) it stands at 67%. Op cit, *World Development Indicators 2004*.

²⁵ *US Department of State Country Reports on Human Rights 2003: Nigeria*, <http://www.state.gov/g/drl/rls/hrrpt/2003/27743.htm>.

²⁶ Op cit, *UNDP Human Development Report 2004*.

²⁷ *The Military Balance 2004/2005*, IISS 2004, p349.

²⁸ In 1994, military expenditure stood at USD 221. In 2003, it stood at USD 519. *SIPRI Yearbook 2004*, p350.

Arms export licences to Nigeria	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	17.5	5.5	42
Number of SIELs granted (refused/revoked)	30 (0)	6 (0)	7 (0)
Number of OIELs granted (refused/revoked) with regard to Nigeria	11 (0)	7 (0)	12 (0)
Number of incorporation SIELs granted (refused/revoked)	0 (0)	0 (0)	0 (0)
Number of SITCLs granted (with Nigeria as destination)	n/a	n/a	0
Number of OITCLs granted (with Nigeria as destination)	n/a	n/a	0

According to the UNDP, the level of military expenditure is above the expenditure for health in Nigeria.²⁹ Given the low level of development in the country, the upsurge in the value of SIELs and number of OIELs issued to Nigeria in the first 6 months of 2004 as compared to all of 2003 is of considerable concern under criterion 8.

It may be that some or all of the licences issued during the 18 months from January 2003, including **large calibre artillery** and **armoured all wheel drive vehicles**, are intended for use by Nigerian peacekeeping forces under the auspices of the Economic Community of West African States (ECOWAS) Monitoring Group (ECOMOG). However, as no information is included in the UK Annual or Quarterly Reports regarding the end-user, doubts will continue to persist over the use of the equipment. Moreover there is evidence that with ECOMOG based in Nigeria, some of the equipment is being diverted and misused, with one estimate that 50 percent is being used for criminal purposes.³⁰

The massive increases in Nigeria's military expenditure in the absence of any evidence of significant improvements in the development situation in the country means that, under criterion 8, Saferworld would expect a presumption of denial to operate with regard to the exports of high-tech and high-value major conventional weapons to Nigeria, unless a clear defence need can be demonstrated. In general terms, however, Saferworld would expect the UK Government to operate maximum restraint with regard to the export of arms to Nigeria.

Pakistan

UNDP Human Development Report³¹

GDP per capita (PPP US\$)	1940
Life expectancy at birth 2000–5	61.0
Adult Literacy Rate (per cent)	41.5
Human Development Index 2002	0.497 (0.522 in 2000)
HDI ranking	142 (out of 177)
Education	1.8% of GDP
Health	1.0% of GDP
Defence	4.7% of GDP

World Bank³²

Aid dependency	3.4% of GNI
Total external debt	44.7% of GNI

²⁹ Health (% of GDP 2001) compared against Military expenditure (% of GDP 2002), Op cit, *UNDP Human Development Report 2004*.

³⁰ Mohammed Ibn Chambas, Executive Secretary of ECOWAS, speaking in March 2004. Op cit, 'Nigeria: Are Human Rights in the Pipeline?' *Amnesty International*.

³¹ *UNDP Human Development Report 2004*, (UNDP), <http://hdr.undp.org/reports/global/2004/>.

³² *World Development Indicators 2004*, (World Bank, April 2004), <http://www.worldbank.org/data/wdi2004/index.htm>.

Pakistan is classed by the UNDP as a country of low development.³³ The economy grew at a rate of 5.8 percent in 2003³⁴ and the country rose two places on the UNDP's Human Development Index.

Nevertheless, 33 percent of the country's population lives below the national poverty line³⁵ and infant mortality rates, at 76 deaths per one thousand births, are higher than the South Asian average of 68. The UK DfID has warned that Pakistan 'faces huge challenges in meeting the Millennium Development Goals, tackling poverty and inequality and providing essential services to the poor'.³⁶ Adult literacy rates are falling³⁷ and the percentage of Pakistani children enrolling in primary education is 73 percent compared with the South Asian average of 95 percent.³⁸

The US State Department described Pakistan as "poor" with "great extremes in the distribution of wealth."³⁹ During 2003, the Government pursued several economic reforms designed to alleviate poverty, however, inefficiencies have stymied Government efforts to decrease high poverty levels and create employment opportunities.⁴⁰

Despite these developmental challenges, Pakistan spends a relatively large amount of GDP on the defence sector. On a purchasing power parity (PPP) basis, Pakistan had the 15th largest defence budget in the world in 2003,⁴¹ and for each year since 1998, it has been among the top 12 major recipients of weapons.⁴² In June 2004, the Government decided to increase the defence budget by nearly 20 percent to \$3.3 billion.⁴³ This decision was criticised in a report by the Manhub-ul-Haq Development Centre, which stated that "years of high-deficit spending" had resulted in short-term economic growth and a complete failure of long-term economic investment necessary to improve social services, such as health, education and sanitation.⁴⁴

Arms export licences to Pakistan	2003	Jan-Mar 2004	Apr-Jun 2004
Value of SIELs granted (£m)	29.5	6.5	3
Number of SIELs granted (refused/revoked)	240 (14)	32 (3)	42 (3)
Number of OIELs granted (refused/revoked) with regard to Pakistan	19 (0)	2 (0)	5 (0)
Number of incorporation SIELs granted (refused/revoked)	2 (0)	0 (0)	0 (0)
Number of SITCLs granted (with Pakistan as destination)	n/a	n/a	0
Number of OITCLs granted (with Pakistan as destination)	n/a	n/a	0

It is of serious concern that Pakistan spends significantly more on defence than on health and education combined. Considering Pakistan's high levels of military expenditure over the past few years, under criterion 8, Saferworld would expect a presumption of denial over exports to Pakistan of high-value major conventional weapons unless a clear defence need can be demonstrated. It is of serious concern therefore that the value of SIELs during the 18 months from January 2003 amounts to £38 million, a figure already above the combined three-year period from January 2000 to December 2002. Given Pakistan's serious developmental problems, Saferworld would expect the UK Government to operate maximum restraint with regard to the export of arms to Pakistan.

33 Op cit, *UNDP Human Development Report 2004*.

34 *World Development Indicators database: Pakistan Data Profile*, (World Bank, July 2004) <http://devdata.worldbank.org/external/CPProfile.asp?SelectedCountry=PAK&CCOD=PAK&CNAME=Pakistan&PTYPE=CP>.

35 Ibid.

36 'Country Profiles: Pakistan' DfID, 10 November 2004, <http://www.dfid.gov.uk/countries/asia/pakistan.asp>.

37 In 2000 Adult Literacy rates stood at 43%, in 2001, Adult Literacy rates stood at 44% but in 2002 – most recent figures – they have decreased to 41%. *UNDP Human Development Reports 2000, 2001, 2002*.

38 Op cit, *World Development Indicators database: Pakistan Data Profile*.

39 *US Department of State Country Reports on Human Rights 2003: Pakistan*, <http://www.state.gov/g/drl/rls/hrprt/2003/27950.htm>.

40 Ibid.

41 The figures in PPP dollar terms are converted at PPP rates (for 2000), calculated by the World Bank, based on comparisons of gross national product (GNP). *SIPRI Yearbook 2004*, Table 10.4, p312.

42 Op cit, *SIPRI Yearbook 2004*, Appendix 12A, p475.

43 'India increase defence budget by 27 percent' <http://www.paktribune.com/news/index.php?id=70148>.

44 'Pakistan: Human development report calls for changes in the economy' IRIN, 10 November 2004, <http://hdrc.undp.org.in/APRI/Mreaction/13jan2004.htm>.

South Africa

UNDP Human Development Report⁴⁵

GDP per capita (PPP US\$)	10,070
Life expectancy at birth 2000–5	47.7
Adult Literacy Rate (percent)	86.0
Human Development Index (HDI) 2002	0.666 (0.697 in 2000)
HDI ranking	119 (out of 177)
Education	5.7% of GDP
Health	3.6% of GDP
Defence	1.6% of GDP

World Bank⁴⁶

Aid dependency	0.6% of GNI
Total external debt	22% of GNI

South Africa is classed by the UNDP as a medium development country.⁴⁷ Its economy grew at a rate of 3 percent in 2002, average wages rose by 10 percent, while the average consumer inflation rate was 9.2 percent.

Nevertheless, measured against many Millennium Development Goal targets,⁴⁸ South Africa's standards are falling. For example, in the last five years, life expectancy at birth has fallen below the level it stood between 1970 and 1975,⁴⁹ and the probability, at birth, of surviving to age 65 is extremely low – particularly for the male population.⁵⁰

On 19 November 2003 the government announced an Operational Plan for Comprehensive Treatment and Care for HIV and AIDS, “founded upon the principle of universal access to care and treatment of all, irrespective of race, colour, gender and economic status”. But of the estimated 5.3 million people living with HIV/AIDS, only a tiny proportion of those requiring anti-retroviral drug therapy have access to it.⁵¹

The distribution of income and wealth remains highly skewed along racial lines and between urban and rural citizens. In 2003, approximately 60 percent of the black African population and approximately 3 percent of the white population lived below the poverty line. Official unemployment remains high at approximately 30 percent. The country suffers from a significant shortage of skilled workers, and many black citizens are ill-educated, poorly housed, and unemployed.⁵²

People living in rural areas have particular difficulty in accessing health care services, education, and social services. Although access to public schooling for children is widely available and enrolment has increased since 1994, there are wide disparities in schools' resources: about 40 percent of state-run schools – mostly those in rural areas – have no electricity, and approximately 30 percent have no clean water.⁵³ Physical access to education in rural areas is of particular concern. Some pupils have to walk up to thirty kilometres each day getting to and from school, exposing children to significant dangers as well as contributing to high drop-out rates.⁵⁴

Despite South Africa's significant developmental challenges, the country's defence budget continues to increase steadily each year,⁵⁵ while military expenditure in 2003

⁴⁵ *UNDP Human Development Report 2004*, (UNDP), <http://hdr.undp.org/reports/global/2004/>.

⁴⁶ *World Development Indicators 2004*, (World Bank, April 2004), <http://www.worldbank.org/data/wdi2004/index.htm>.

⁴⁷ *Op cit*, *UNDP Human Development Report 2004*.

⁴⁸ *Op cit*, *World Development Indicators 2004*.

⁴⁹ Life expectancy at birth 1970–75 stood at 50.3. In 2000–5, it stands at 47.7, *Op cit*, *UNDP Human Development Report 2004*.

⁵⁰ Probability at birth of surviving to age 65 2000–5. Female 37.7% of cohort; Male 24.9% of cohort, *Ibid*.

⁵¹ *Amnesty International Report 2004: South Africa* (Amnesty International), <http://web.amnesty.org/report2004/zaf-summary-eng>.

⁵² *US Department of State Country Reports on Human Rights 2003: South Africa*, <http://www.state.gov/g/drl/rls/hrrpt/2003/27752.htm>.

⁵³ *Human Rights Watch World Report 2003: South Africa*, (Human Rights Watch), <http://hrw.org/english/docs/2003/12/31/safric7010.htm>.

⁵⁴ *Ibid*.

⁵⁵ *The Military Balance 2004/2005*, IISS 2004, p350.

showed an increase of 45 percent from 1999.⁵⁶ These increases are compounded by the 1998 Strategic Defence Procurement Package (SDPP) for the purchase of warships and military aircraft from the UK and other European suppliers. The package cost \$4.8 billion and is spread over a 12-year period, which began in 2000–01.⁵⁷ Still on order from the UK are: 8 British Aerospace/SAAB Gripen fighter aircraft (UK and Sweden) and 12 British Aerospace Hawk 100 fighter trainers (UK).⁵⁸ In the fiscal year 2003–04, the SDPP took up over 39 percent of the entire defence budget.⁵⁹

In securing the SDPP, the South African Government promised offsets, part of which would create 65,000 new jobs over a period of 7 years.⁶⁰ However, according to a recent study by Paul Dunne and Guy Lamb, offsets seldom live up to their promise.⁶¹ Dunne and Lamb argue that while there is likely to be an initial positive impact on job creation in local defence firms in South Africa, the dependence on foreign suppliers for inward investment and the retention of an arms production capacity “with very limited linkages to the civilian economy” means that it is unlikely offsets will either generate the number of jobs that have been promised or be sustainable in the longer-term.⁶²

Arms export licences to South Africa	2003	Jan–Mar 2004	Apr–Jun 2004
Value of SIELs granted (£m)	31	2	32.5
Number of SIELs granted (refused/revoked)	146 (0)	34 (0)	48 (0)
Number of OIELs granted (refused/revoked) with regard to South Africa	92 (0)	15 (0)	25 (0)
Number of incorporation SIELs granted (refused/revoked)	12 (1)	1 (0)	2 (0)
Number of SITCLs granted (with South Africa as destination)	n/a	n/a	0
Number of OITCLs granted (with South Africa as destination)	n/a	n/a	0

According to the latest UNDP Human Development Report, the military expenditure of South Africa is below the level of health and education combined.⁶³ However, many human development standards in South Africa are falling. In view of the significant developmental challenges faced by South Africa and the lack of a clear external security threat, Saferworld would question the scale of the current South African procurement drive and, under criterion 8, expect a presumption of denial with regard to exports from the UK to South Africa of high-value military equipment unless a clear defence need can be demonstrated. In general terms, Saferworld would expect the UK Government to operate maximum restraint with regard to the export of arms to South Africa.

A major concern remains the multi-billion dollar arms deal that involves a number of European arms companies, including BAE Systems. Allegations of corruption have stalked the deal in relation to South African officials’ misuse of power,⁶⁴ BAE’s role in securing the deal,⁶⁵ the provision of ‘offsets’ with the promise of 65,000 new jobs,⁶⁶ and the loan agreements which surrender parts of South Africa’s economic and financial policies to European banks and governments.⁶⁷

The South African Government was recently taken to court by Economists Allied for Arms Reduction-South Africa (ECAAR-SA) on the grounds that this deal was

⁵⁶ SIPRI Yearbook 2004, Table 10A.3, p351.

⁵⁷ Ibid.

⁵⁸ Wrigley C, ‘The South African deal. A Case study in the Arms Trade’, CAAT, June 2003 <http://www.caat.org.uk/information/publications/countries/southafrica-0603.pdf>.

⁵⁹ ‘Manual hails failure of arms application’ *iafrica.com*, March 4 2004, <http://iafrica.com/news/sa/307477.htm>.

⁶⁰ Dunne, J.P. & Lamb, G. ‘Defence Industrial Participation: The South African Experience’ 1 February 2004, <http://carecon.org.uk/Armsproduction/Papers/DunneLamb.pdf>.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Health (% of GDP 2001) + Education (% of GDP 1999–2001) stands at 9.3, while military expenditure (% of GDP 2002) stands at 1.6. Op cit, *UNDP Human Development Report 2004*.

⁶⁴ Hawley, S. ‘Turning a Blind Eye: Corruption and the UK Export Credits Guarantee Department.’ *Corner House*, July 2003.

⁶⁵ Ibid.

⁶⁶ Press Statement by ECAAR-SA, ECAAR-SA, 19 August 2004, http://www.armsdeal-vpo.co.za/special_items/statements/ecaar_petition.html, Also, see analysis above.

⁶⁷ Ibid.

“strategically, economically and financially irrational.”⁶⁸ ECCAR-SA argued that the money should have been used for poverty alleviation,⁶⁹ and highlighted EU member states’ lack of consideration of the EU Code criterion 8 in supporting this procurement.⁷⁰ In March 2004, Judge Andre Blignault rejected the case in the Cape Town High Court on the technicality that ECAAR-SA should have given primary focus to the original Cabinet decision to acquire the arms package, and not, as was the case, to the financing of the deal once agreed.⁷¹

Saferworld takes the view that these contracts were ill-advised from the outset and that the UK Government should have refused related export licence applications on sustainable development grounds.

It is welcome that with regard to criterion 8 the UK Government recently changed its policy to take into account the cumulative impact of licences granted. Although it remains likely that a significant proportion of licences awarded for exports to South Africa in 2003 and the first half of 2004 are part of the procurement package agreed before 2000, the level of detail in the Annual and Quarterly Reports does not allow for identification of which licences are part of any particular deal. Therefore it is unclear how the policy change might be affecting licensing decisions in this case.

⁶⁸ ‘Arms Reduction and Sustainable Development: The South African Arms Deal, and Civil Society.’ ECAAR-SA, August 2002, www.eaar.org/Articles/SA%20Papers/Crawfordbrowne.pdf.

⁶⁹ ‘Arms Deal Challenge Rejected’ *iafrica.com*, March 4th 2004, <http://iafrica.com/news/sa/307387.htm>.

⁷⁰ Op cit, ‘Arms Reduction and Sustainable Development,’ ECAAR-SA.

⁷¹ Op cit, ‘Arms Deal Challenge Rejected’, *iafrica.com*.

Methodology – Identifying sensitive destinations and exports of concern

Introduction

The granting of an arms export licence depends on two overall factors: the nature of the recipient and the level of sensitivity of the arms, goods or technologies being exported. Thus, each export licensing decision is a complex undertaking, requiring qualitative judgements about the general political, socio-economic and security context of the recipient state and region, as well as judgements about the equipment itself. The Consolidated Criteria, which amalgamate the EU Code of Conduct on Arms Exports (June 1998) with UK Government criteria (July 1997), provide the baseline for reaching these decisions in the UK, but do not indicate the practical tools for evaluating individual licence applications.¹

This section explains the practical tools (methodology and sources) used by Saferworld to identify and evaluate licences that are a cause for concern. First, to enable a consistent approach to different destinations, the assessment has been organised under the eight headings of the Consolidated Criteria. Second, for each criterion, one or more main sources have been selected (as appropriate) to serve as indicators of a country's sensitivity and, in most cases, the most sensitive categories of weapons and dual-use goods and technologies have been identified (based on assumed or inherent capabilities of individual equipment or the potential of specific mixes of weapons).

As a general rule, the most sensitive categories of equipment are those that are the most lethal (ie major conventional weapons and light weapons). However, since it is broadly accepted that a wide array of equipment is integral to the effectiveness of a country's armed forces, the question of sensitivity clearly has to be considered in the context of what is known about the importing state in relation to the eight criteria.

The nature of the Audit is such that at some point a line must be drawn and the decision taken not to include a recipient state in the country-by-country analysis, even though there may be concerns over one or more licences issued for exports to that recipient. It should not, therefore, be assumed that because a state is not featured in the country analysis section of the Audit, no exports to that country raise any concerns under the Government's criteria.

The UK Government's Consolidated EU and National Arms Export Licensing Criteria

Each of the eight criteria is outlined below (with a brief description of the official text in italics), followed by Saferworld's analysis of how the criteria should be applied in practice. It is recognised that this may not always concur with the Government's own interpretation and implementation of the criteria, but one of the aims of this Audit is to influence the development of a restrictive interpretation of the criteria.

Criterion 1: international obligations

Respect for the UK's international commitments, in particular sanctions decreed by the UN Security Council and those decreed by the European Community, agreements on nonproliferation and other subjects, as well as other international obligations

Embargoed destinations under this criterion are identified in Annex D to the 2003 Annual Report on Strategic Export Controls. Countries which are covered by such national or multilateral (UN, OSCE, EU or UK) embargoes will normally be refused an export licence for the specified classification(s) of controlled goods. Licences may still be granted, however, for less sensitive exports to such destinations.

Criterion 2: human rights

The respect of human rights and fundamental freedoms in the country of final destination

For the purpose of this Audit, a profile of the human rights situation in recipient states is drawn from²:

- US Department of State Country Reports on Human Rights Practices, 2003
- Amnesty International Annual Report, 2004

Both the Amnesty International and the US State Department reports cover the specific abuses referred to in this criterion during the year 2003 and the first half of 2004. Bearing in mind the

¹ Economic issues which may influence a decision to grant an export licence (such as foreign exchange and employment benefits, maintenance of a domestic supply base etc) should, in Saferworld's view, be treated as secondary factors to foreign policy concerns raised under the national assessment criteria.

² Other sources, for example Human Rights Watch reports and the FCO Annual Report on Human Rights, are used as appropriate.

difficulties associated with quantifying human rights abuses, Saferworld uses these sources to evaluate the level of human rights violations that occurred in a particular country during this period. In turn, this will help determine the exact level of export restriction imposed on a recipient. For the purposes of this Audit, UK Government arms export policy is assessed against a handful of countries where there are acute concerns with regard to the level of human rights abuses. These countries are categorised by Saferworld as experiencing either systematic or serious violations of human rights, as follows:

Systematic violations

Saferworld proposes that this should be interpreted to mean that where the internal repression and human rights abuses are severe and widespread (ie major and frequent occurrences of extrajudicial killings, torture, violent deaths in prisons, 'disappearances', etc) and/or institutionalised (eg as was apartheid in South Africa), a full arms embargo is justified.

Serious violations

Saferworld proposes that, in countries where serious violations of human rights are taking place, or are suspected of taking place (ie infrequent or localised occurrences of extrajudicial killings, torture, violent deaths in prisons, disappearances, etc), an export licence should be refused with regard to exports of police and military equipment which has obvious application for internal repression. This prohibition would usually cover:

- security, interrogation and anti-insurrection equipment (including water cannon, batons, riot control equipment, tear-gas and prisoner restraint equipment);³
- all categories of small arms and light weapons (and their ammunition); and
- spare parts, training and components used for upgrading the aforementioned equipment.

In addition, where there is evidence of other types of equipment being used for the purposes of internal repression, eg specific categories of major conventional weapons including armoured combat vehicles, military helicopters and ground attack aircraft, a prohibition should also be implemented against the transfer of such equipment and should cover spare parts, training and components used for upgrading this equipment. Where there is no evidence to suggest that such equipment has been used in internal repression, Saferworld would nevertheless argue that a presumption of denial should operate and that this should only be overcome if the proposed recipient can demonstrate that they have a clear defence need for the equipment and if adequate safeguards against misuse – such as provisions for end-use monitoring – are agreed and implemented.

Criterion 3: internal situation

The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts

Internal armed conflict

One source has been selected which provides an overview of armed conflicts around the world:

- *International Institute for Strategic Studies (IISS) Armed Conflict Database (ACD)*

This is a comprehensive global database which identifies three types of armed conflict: international armed border and territorial conflict, internal armed conflict, and terrorism. The ACD provides an estimate of casualties to each conflict during the year, which is used to inform Saferworld's recommendations for arms export control policy to the parties to those conflicts (see below). The most recent ACD information covers the calendar year 2003 and January to June 2004.

With regard to criterion 3, Saferworld proposes that, in order to avoid prolonging or intensifying intra-state conflict, there should be a selective embargo on the export of military and police equipment with an obvious application in internal repression to all end-users within countries identified by the ACD as being subject to internal armed conflict or, depending on the circumstances, terrorism, where more than 1,000 casualties occurred. In addition, there should be a presumption of denial over the export to such countries of all other categories of military and dual-use equipment that could be used to facilitate internal repression. Beyond this, for those internal armed conflicts where casualty figures ranged from 100 to 1,000 there should be a presumption of denial over the export of military and police equipment with an obvious application in internal repression.

There are, however, two possible exceptions. First, dual-use equipment, components, spares and maintenance equipment with predominantly civilian or humanitarian applications may be transferred (such as civilian transport vehicles and mine clearance equipment). Second, arms may be supplied to one party in a civil war, if that party is deemed by the international community to be the victim of unprovoked aggression, and provided force is being used in accordance with international legal standards.

Internal tension

Saferworld proposes that there should also be a strong presumption of denial of all categories of

³ Extra vigilance is necessary to ensure that all dual-use equipment and components which could be used for internal repression are prohibited. Past examples of supplies made on the margins of a prohibition include: firearms training systems to the Indonesian police; traffic control cameras used for internal security in China and Tibet; and computers used to automate pass-law enforcement in South Africa. See 'Memorandum submitted by Amnesty International UK' in evidence to Trade and Industry Committee, *Strategic Export Controls*, (HMSO), 2 December 1998, 12.

major conventional weapons, small arms and light weapons, upgrades, spares and maintenance for such weapons, and other such security, interrogation and anti-insurrection equipment to countries which have been involved in internal armed conflict in recent years or where early warning indicators suggest that tension is rising. Because internal warfare is fought primarily with small arms and light weapons, these categories of transfers should be subject to particular attention.

There are a number of clear examples where the export of small arms and light weapons to a country with specific characteristics would add to internal tensions. These include countries that:

- have recently demobilised large numbers of ex-combatants;
- present a clear risk of diversion, either deliberately or as a result of their inability to manage or
- contain existing state-owned stocks of weapons;
- suffer from high levels of corruption within government departments which have oversight of
- weapons control or distribution;
- are led by repressive regimes, or where small arms have been used for internal repression in the recent past; or
- suffer from crime and banditry because of fragile or weak government.

Under these examples small arms and light weapons should not be transferred at all (or only in small numbers and under closely monitored end-use conditions).

Criterion 4: international aggression and regional stability

Preservation of regional peace, security and stability

The regional threat posed by large-scale offensive operations with major conventional weapons is the key concern here, although transfers of dual-use goods and technologies and small arms and light weapons can also be destabilising in certain circumstances (as discussed below). In each case, an assessment will be required as to whether the proposed export of weapons or weapons technology is likely to introduce, or contribute to the build-up of destabilising military force in a region.

Regions of tension

The Audit proceeds on the assumption that regional stability is most at risk in existing 'regions of tension'. Two main sources have been used to identify regions of tension:

- *IISS, The Military Balance 2004/5*
- *IISS, through the Armed Conflict Database*

Countries directly affected by macro-regional tensions, including those identified by the IISS ACD, have been flagged up under this criterion, primarily if they are also recipients of exports which appear to exacerbate such tensions. Whether tensions are increasing or diminishing will be an important determinant in the licensing process under this criterion.

Major conventional weapons

In considering whether a transfer of major conventional weapons is destabilising in the regional context, it will be necessary to establish:

- the quantities and level of technology of the arms being transferred;
- the extent to which the transfers act as a force multiplier to existing production capabilities and holdings (ie do the transfers provide additional strategic capabilities, enhance force projection or introduce new technologies into the region, beyond that which is required for legitimate defence needs?); and
- the intentions of those who possess the weapons.

Each of these considerations is open to wide interpretation, however. Most modern armed forces are multi-functional, capable of executing a wide range of identified roles, including peacekeeping and humanitarian relief operations, for which they are specifically budgeted and designed. It is no easy task, therefore, to distinguish between armed forces/equipment designed for a high level of operational mobility (and which may include a tactical offensive capability) for use in regional and international peace support operations, and those armed forces/equipment configured primarily for reasons of offensive power projection (ie for external wars of conquest).

However, there are a number of indicators that can reveal an offensive or destabilising military posture:⁴

- the hostile political intent and primarily offensive strategic policy of the government (eg long-standing territorial claims against neighbouring states in recent political speeches and/or recent border clashes over disputed territory);
- the extent to which its force structure reflects this offensive potential (eg the maintenance of armed forces at excessive levels, and/or excessive concentrations of offensive elements – such as mobile air and land forces, long-range bombers and missiles, frigates, submarines and attack helicopters – within a particular force structure or located close to a border area).

⁴ For a more detailed discussion of this issue, see the non-binding paper agreed by the Wassenaar Arrangement Plenary, *Elements for Objective Analysis and Advice Concerning Potentially Destabilising Accumulations of Conventional Weapons*, WA PLM (98) RU 2 Revised, 3 December 1998.

Where hostile political intent is combined with offensive force structure, this should be sufficient grounds for a presumption of denial. Indeed, a strict interpretation of this criterion may well suggest that all transfers (to regions of tension) of those weapon systems that are most vital to offensive operations should be denied. The Conventional Forces in Europe (CFE) Treaty provides a useful reference point for such an approach (in that it specifically restricts weapons capable of surprise and large-scale attack).

Small arms and light weapons

With small arms and light weapons, the questions are even more finely balanced, and mainly concern assessments of the volume of equipment transferred in relation to existing stocks, and the likely spill-over effect across borders (either as a result of armed disorder or because of leakage from state armouries). In particular, the sudden presence of large quantities of light weapons that are outside of any formal security structure may aggravate problems of weapon flows in a specific region. In many regions of Africa, for example, the circulation and redistribution of existing stocks (by both licit and illicit means) is a key destabilising factor in several regional and sub-regional contexts. The introduction of new stocks into such an environment will also be destabilising, particularly when they accompany a rise in tensions.

Conventional dual-use goods and technologies

One key proliferation trend that now applies in the defence sector is that fewer major conventional weapon systems or platforms are being traded. Instead, the largest proportion of export licence applications are for components and equipment (frequently dual-use) which can be used to upgrade or repair existing weapon platforms or assist in the creation of an indigenous weapons manufacturing capability. Of course, often these components can also be used to upgrade or repair civilian equipment or assist in the development of civilian manufacturing capability. While the licensing authorities are able to ask questions about end-use, such information is unavailable to Saferworld. Nonetheless, there are two sets of circumstances where caution should be exercised, irrespective of declared end-use: transfers of 'sensitive technologies' and transfers which may contribute to 'destabilising accumulations' of military and dual-use equipment.

Sensitive technologies

In recognition of the different levels of sensitivity of technologies, the dual-use pillar of Wassenaar divides technologies into three categories: basic, sensitive (eg advanced machine tools and semiconductor manufacturing equipment) and very-sensitive (eg stealth technology and cryptographic equipment). The resulting controls over items on the basic list are moderate and left to national discretion. Exports of goods that appear on the sensitive list are subject to regular information exchange (post-delivery) and the circulation of denial notifications. For items on the very-sensitive list, there is a strong presumption of denial to non-members.

As a general rule, therefore, Saferworld proposes that exports of items on the Wassenaar sensitive and very-sensitive lists should be subject to the same line of questioning (ie do they provide additional strategic capabilities, enhance force projection or introduce new technologies into the region?) and, if appropriate, the same presumption of denial as recommended for major conventional weapon systems.

Destabilising accumulations

Very few individual transfers of dual-use goods and technologies are likely to breach this criterion.

However, if imported in large quantities, they may well act as a force-multiplier in a region or affect the regional military balance. Thus, individual exports need to be assessed in the context of the overall quantity and types of technologies being imported by a recipient state (including those obtained from other exporting states). Otherwise, as was the case with the arming of Iraq in the 1980s, it may be that individual countries will miss (or choose to ignore) upward trends in destabilising accumulations of dual-use goods and technologies.

Criterion 5: national security

The national security of the UK, of territories whose external relations are the UK's responsibility, and of allies, EU Member States and other friendly countries

No country has been identified as 'sensitive' by Saferworld under this criterion. Although clearly the Government does use this criterion to deny exports to very sensitive destinations, such as those covered by national embargoes, it is extremely difficult to extrapolate such considerations in relation to other countries. Export denials on 'national security' grounds will depend on the behaviour of the buyer country, as determined by the other export criteria or according to UK foreign policy goals. The nature of the equipment itself is largely a secondary consideration. Air-to-surface missiles (eg Exocet missiles used by Argentina in the Falklands War) and surface-to-air missiles (such as those used to threaten allied aircraft in the Gulf Wars) come to mind, but such weapons are already banned to existing 'rogue' states and it is difficult to identify future 'rogue' states (from among current friends and allies) with any degree of certainty. Ultimately, these are judgements that are beyond the scope of this Audit.

Criterion 6: terrorism and international law

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

This criterion addresses a range of issues relating to a potential recipient's interaction with the international environment. The threat from international terrorism has emerged as a major concern for the UK and other governments, and, indeed, it is not the intention of this Audit to question the UK Government's implementation of restrictions against entities that are suspected of supporting terrorist organisations. However, in respect of the 'war on terrorism', Saferworld believes that while this criterion should be interpreted to prevent defence equipment reaching terrorist hands and to discourage states from supporting terrorism or terrorists, the reverse does not apply, ie it is not appropriate to award licences on the basis that the recipient is on-side in this war. Rigorous implementation of this and all the other Consolidated Criteria should be undertaken regardless of the proposed recipient's policy in this regard.

International law

Exports of military equipment should be denied where the recipient is known to engage in, or have sponsored, grave breaches of the laws and customs of war as set forth in the Geneva Conventions of 1949, and additional Protocols of 1977, and other rules and principles of international humanitarian law applicable during inter-state or intra-state armed conflict.

There should also be a strong presumption of denial (of all categories of major conventional weapons, small arms and light weapons, upgrades, spares and maintenance for such weapons, and such security, interrogation and anti-insurrection equipment) to countries with a serial failure to sign, ratify and implement the relevant arms control and disarmament conventions (including any verification provisions) referred to in criterion 1. This presumption can be overturned if the proposed recipient is a democratically-elected government and/or a legitimate defence need can be demonstrated, providing there is no danger that the equipment will be used in breach of any of the other criteria.

Criterion 7: diversion and re-export (end-use controls)

The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions

This criterion addresses the concern that equipment will be diverted or misused within the buyer country or re-exported under undesirable conditions. Rigorous monitoring of end-use certification is not an established procedure among many arms exporting states, and even where it is, much of the information is based on intelligence work (which is not in the public domain). Thus, this criterion is very difficult for Saferworld to quantify and assess, especially with regard to timeliness. It is to be expected that the UK Government has access to information that is not publicly available and that, in many cases, will know of diversion risks before such information is common knowledge. In this Audit, reliance is placed on past evidence of poor end-use controls, of re-export, or of clandestine exports. In addition, reported breaches of end-use assurances are also included. Examples are drawn from media reports and UK Government statements.

In July 2002, the Government introduced new export licensing guidelines to be applied to strategic components where it is known that they are to be 'incorporated' into a weapons system in the country of import for re-export to a third. These guidelines provide for the possibility that UK-made components will find their way to countries indirectly, with the advance knowledge of the Government, where direct exports would be prohibited. Saferworld believes that export licences should not be granted in such circumstances.

According to the Government, incorporation is likely to become increasingly commonplace in the defence industry and it is welcome that in the 2003 Annual Report and January–June 2004 Quarterly Reports the Government has published information on licences for incorporation for the first time. The Audit draws attention to incorporation cases of concern, however independent identification continues to remain extremely difficult as the Government does not provide information on the weapons systems the licensed goods will be incorporated into, nor on the country of final destination.

In the case of diversion or re-export which takes place without the knowledge and permission of the UK Government, it is the nature of the recipient state (rather than the capabilities of the military equipment) that is the dominant concern under this criterion. Nevertheless, an analysis of the types of controlled goods that are more likely to be the subject of diversion provides a helpful supplementary indicator of areas of concern. All types of controlled goods have the potential to be diverted to an undesirable end-user to some extent. But (in addition to anti-terrorist equipment) three classifications of equipment are likely to be of particular concern: ammunition; small arms and light weapons; and sensitive dual-use equipment, components and technologies.

Ammunition

This generally has a shorter shelf-life than do the weapons themselves, and it is consumed very rapidly in conflict. Thus, embargoed countries in conflict (particularly those that are dependent on foreign sources for their ammunition supplies) will often look to illicit supplies to satisfy their needs.

Small arms and light weapons

Often the weapons of choice for illicit users, they are typically highly lethal and yet are cheap, easily

portable and concealable, ready to use without extensive prior training and mostly require relatively little maintenance or logistical support. They are also widely available and tend to be subject to less rigorous monitoring and control than major conventional weapons.

Sensitive dual-use equipment, components and technologies

These will be sought by embargoed countries and other countries denied access to high-tech weapons and equipment, particularly if they are attempting to develop their own indigenous production capabilities. Dual-use goods and technologies associated with weapons and munitions manufacture (particularly machine tools) are likely to be prime targets for diversion (as was the case with Iraqi procurement in the 1980s).

Criterion 8: sustainable development/military expenditure

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

This criterion raises two distinct but related concerns: whether the proposed export would contribute to the excessive diversion of resources to defence needs (military expenditure) and whether it would seriously hamper the sustainable development of the recipient country (sustainable development).

In light of the controversy that surrounded the licensing for export of a military air traffic control system to Tanzania in 2001, concerns were widely expressed that the procedures to be followed when making assessments against criterion 8 were unclear and in need of elaboration. In March 2002 this was acknowledged by the Government when it was stated “that there is a need for clearer procedures within Whitehall for reaching decisions where sustainable development is an issue.”⁵ In September 2002, the Secretary of State for Trade and Industry, Patricia Hewitt, announced that although “[t]he Government’s policy on criterion 8 of the Consolidated ... Criteria remains as stated in the criteria ... [t]he Government has agreed a two-stage process for assessing the impact of relevant proposed exports on sustainable development as defined in criterion 8.

First, a non-exhaustive list of countries identifies those where sustainable development is most likely to be an issue. Second, in cases involving exports to those countries, the Government will look in more detail at the possible impact of relevant proposed exports on the economy or the sustainable development of the recipient country.”⁶

The list of countries ‘where sustainable development is most likely to be an issue’ is based on the list of (currently 81) countries eligible for concessional loans from the World Bank’s International Development Association (IDA).⁷ The statement also sets out a series of indicators which the

Government shall consider when assessing an individual licence application in detail. These include:

- relative levels of military and social expenditure and level of military spending as a percentage of GNP;
- aid dependency compared with the regional average;
- state of public finances;
- balance of payments;
- external debt sustainability;
- economic and social development, ie GNP/capita and Human Development Index (HDI);
- the status of any IMF- or World Bank-sponsored economic reform programme.

The statement goes on to identify a selection of sources of information, which will be used to quantify these indicators. These may include:

- *IMF Government Financial Statistics Yearbook*;
- *IMF Country Reports and Surveys*;
- *IMF/World Bank Annual Progress Reports on the Poverty Reduction Growth Facility*;
- *IMF Recent Economic Developments*;
- *World Bank World Development Indicators*.

These new procedures have been welcomed, as has the commitment to transparency demonstrated by their publication. However, in light of the fact that by the end of 2004 only one export licence is known to have ever been refused on the basis of criterion 8, it is unclear how these indicators are being used when individual export licence applications are under consideration. Saferworld acknowledges that, under the UK case-by-case licensing system, setting arbitrary benchmarks is problematic, however some indication as to figures or ratios that might be considered as ‘warning signs’ and hence signal a need for further analysis would be welcome.

Saferworld independently identified specific tools used to ‘flag’ countries as a possible concern under criterion 8, and the Government’s elaboration demonstrates some overlap with these tools.

However, while Saferworld has adjusted its assessment to incorporate some of these new indicators, the process followed in this Audit will inevitably differ from that of the Government.

⁵ Lord Sainsbury of Turville, *Official Report*, col 73, 4 March 2002.

⁶ Patricia Hewitt, *Hansard*, col 309W, 26 September 2002.

⁷ The list is available on the DTI Export Control Organisation website, <http://www.dti.gov.uk/export.control/policy/criterion8.htm>.

Saferworld's primary system of assessment is detailed below, but, as previously noted, in practice there is no alternative to establishing what is a reasonable level of military expenditure in the context of each particular case.

Military expenditure

Military expenditure as a percentage of national production provides a crude but useful benchmark as to whether an arms importing state may be directing excessive resources to its military. But this criterion requires a more refined tool in order to evaluate 'the recipient country's relative levels of military and social expenditure'. Therefore, this Audit (despite the difficulties in finding recent and reliable statistics in this area) draws on statistics on military, health and education expenditure from the UNDP *Human Development Report 2004*.

Saferworld has identified a number of these indicators as relevant to determining whether military expenditure might be excessive. These are the figures for public expenditure on health (as a percentage of GDP for 2001), on education (as a percentage of GDP 1999–2001) and on the military (as a percentage of GDP for 2002). Thus, when military spending by a country exceeds *combined* spending on health and education according to the above source, this has been identified as a 'red flag' under criterion 8. Although the figures for health and education are for 2001 and the figures for military expenditure are for 2002, in most cases the calculation will be accurate enough to provide a rough guide.

Sustainable development

In order to provide a measure of the level of development attained by importing states and the capacity of the respective economies to independently sustain their populations on an ongoing basis, this Audit draws on additional indicators from the UNDP and the World Bank, namely the UNDP *Human Development Report 2004* and the World Bank *World Development Indicators 2004*.

Figures from the 2004 World Development Indicators on external debt levels and aid dependency are included, while the following indicators for 2002, obtained from the *Human Development Report 2004*, have been used as a measure of 'quality of life':

- real gross domestic product (GDP) per capita per annum; the figures are in US dollars calculated on a purchasing power parity (PPP) basis;
- average life expectancy at birth in years;
- adult literacy levels;
- the Human Development Index (HDI); this is a figure ranging from zero (lowest) to one (highest), designed to provide a comparative representation of human development based on a combination of the above three indicators; in 2002, Norway had the world's highest HDI (0.956), Sierra Leone the lowest (0.273); thirty-six states had an HDI of less than 0.500.

Having established that there is an initial *military expenditure* or *sustainable development* concern for a handful of countries, the equipment licensed for export will be assessed in the context of the various indicators and at the same time in the light of 'legitimate security' needs of the recipient state. Of course, it is no easy task for exporting governments to make such assessments, but as a general rule, there should be a presumption of denial for high-value major conventional weapon transfers to states where there are concerns under criterion 8. Where relevant, the Audit also takes into account patterns of defence expenditure in recipient countries (the Government, in its statement of September 2002, acknowledged the importance of taking into account the cumulative impact of all arms imports by a recipient state, and not just those from the UK, although further explanation is required on exactly how it does this).

The most productive way of dealing with the issues raised under this criterion is for suppliers and recipients to reach shared assessments of security needs. One of the core aims of DfID, for example, is to assist countries and regions to make reasonable judgements about the extent of the security threats they face, and the appropriate level of defence spending required to meet it. Thus, countries that seem committed to the security sector reform agenda (eg Uganda, which has been the recipient of assistance from DfID to strengthen the capacity of its civilian institutions to manage and monitor the security sector) should be afforded greater leeway under this criterion.

Saferworld's evaluation of arms export licences and deliveries

In order to assist the evaluation of the arms export licences and deliveries in 2003 and the first half of 2004, summary information on licences granted and refused for each highlighted country is provided. In addition, for the first time, the UK Government has published information on trade control licences⁹ and licences for incorporation. All this is presented in tabular form and gives information as to:

- the value of SIELs granted;
- the number of SIELs granted and refused/revoked;
- the total number of OIELs granted and refused/revoked with respect to the destination country;
- the number of incorporation SIELs granted and refused/revoked;
- the number of SITCLs granted;
- the number of OITCLs granted.

⁸ United Nations Development Programme, *Human Development Report 2003*, <http://www.undp.org/hdr2003/indicator/index.html>.

⁹ Data on Trade Control Licences is only available in the Quarterly Report April–June 2004.

Saferworld is a non-governmental organisation that works with governments and civil society internationally to promote and implement new strategies to increase human security and prevent armed violence.

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