



**Reports from the Business, Innovation and Skills, Defence, Foreign Affairs and  
International Development Committees**

**Session 2014-15**

**Strategic Export Controls: Her Majesty's Government's Annual Report for  
2012, Quarterly Reports for 2012 and 2013, and the Government's policies on  
arms exports and international arms control issues**

**Response of the Secretaries of State for Business, Innovation and Skills,  
Defence, Foreign and Commonwealth Affairs and International Development**

Presented to Parliament  
by the Secretaries of State for Business, Innovation and Skills, Defence, Foreign and  
Commonwealth Affairs and International Development  
by Command of Her Majesty

October 2014



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## Glossary of Acronyms

AG	The Australia Group
ATAS	Academic Technology Approval Scheme
ATT	Arms Trade Treaty
BIS	Department for Business, Innovation and Skills
BTWC	Biological and Toxin Weapons Convention
CAAT	Campaign Against the Arms Trade
CAEC	Committees on Arms Export Controls
CBRN	Chemical, Biological, Radiological, and Nuclear
CBW	Chemical and Biological Weapons
CCM	Convention on Cluster Munitions
CCW	Convention on Certain Conventional Weapons
CSLR	Comprehensive and systematic list review
CTBT	Comprehensive Nuclear Test Ban Treaty
COARM	EU Council of Ministers Working Group on Conventional Weapons
CWC	Chemical Weapons Convention
DFID	Department for International Development
DSEi	Defence and Security Equipment International (Trade Exhibition)
DTCT	UK/US Defence Trade Cooperation Treaty
ECO	Export Control Organisation (within BIS)
EGAD	Export Group for Aerospace and Defence
ETL	Exempt Technologies List
EU	European Union
ECR	(US) Export Control Reform
FAC	(EU) Foreign Affairs Council
FCO	Foreign and Commonwealth Office
FMCT	Fissile Material Cut-off Treaty
GGE	Group of Governmental Experts
GPL	Global Project Licences
GTRP	Global Threat Reduction Programme
HLWG	High Level Working Group
HMRC	Her Majesty's Revenue and Customs
IAEA	International Atomic Energy Agency
ICT	Intra-Community Transfer (ICT) Directive on arms transfers within the EU
IHL	International humanitarian law
ITAR	(US) International Traffic in Arms Regulations
MoD	Ministry of Defence
MoU	Memorandum of Understanding
MTCR	Missile Technology Control Regime
NATO	North Atlantic Treaty Organization
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
NWFZ	Nuclear Weapons Free Zone
OGEL	Open General Export Licence
OGTCL	Open General Trade Control Licence

OIEL	Open Individual Export Licence
OITCL	Open Individual Trade Control Licence
OPCW	Organisation for the Prohibition of Chemical Weapons
OPTs	Occupied Palestinian Territories
OSCE	Organisation for Security and Co-operation in Europe
OSJA	Overseas Security and Justice Assistance
PMSC	Private Maritime and Security Company
PQ	Parliamentary Question
PSC	Private Security Company
P5	The 5 permanent members of the UN Security Council
SALW	Small Arms and Light Weapons
SIEL	Standard Individual Export Licence
SIPRI	Stockholm International Peace Research Institute
SITCL	Standard Individual Trade Control Licence
SITL	Standard Individual Transshipment Licence
UAV	Unmanned Aerial Vehicle
UKTI DSO	United Kingdom Trade & Investment Defence & Security Organisation
UKWG	United Kingdom Working Group on Arms
US	United States
USG	United States Government
USML	United States Munitions List
UN	United Nations
UNROCA	United Nations Register of Conventional Arms
WA	Wassenaar Arrangement
WMD	Weapons of Mass Destruction
WMDFZ	Weapons of Mass Destruction Free Zone
WMS	Written Ministerial Statement

## The Committees' Conclusions and Recommendations

### *Introduction*

4. The Committees continue to conclude that the giving of Oral Evidence to the Committees by the Secretary of State for Business, Innovation and Skills and the Foreign Secretary at the last two annual Oral Evidence sessions of the Committees reflects the importance that the Government rightly attaches to arms export and arms control policies. (See paragraph 5 of Volume II of this Report.)

#### **The Government notes the Committees' conclusion.**

5. The Committees continue to recommend that given the far-reaching significance of arms export and arms control decisions for the Government's foreign, trade, defence and international development policies, Oral Evidence should continue to be given to the Committees on Arms Export Controls by both Secretaries of State. (See paragraph 6 of Volume II of this Report.)

#### **The Government will continue to make Ministers and senior officials available for Oral Evidence Sessions. A decision on whether the Ministers giving evidence will be the Secretaries of State will be taken nearer the time of the next Oral Evidence Sessions.**

*The Government's "United Kingdom Strategic Export Controls Annual Report 2012" (HC 561)*

6. The Committees conclude that all international arms control measures raise proliferation issues either directly or indirectly and require parliamentary scrutiny alongside the Government's national strategic export controls policies as is done by the Committees themselves in their own Reports to Parliament. The Committees, therefore, recommend that the Government's United Kingdom Strategic Export Control Annual Report should include the Government's policies on all international arms control measures including:

- The Fissile Material Cut-off Treaty
- The G8 (currently G7) Global Partnership Against the Spread of Weapons and Materials of Mass Destruction
- The Chemical Weapons Convention
- The Biological and Toxin Weapons Convention
- The Nuclear Non-Proliferation Treaty
- The Comprehensive Nuclear Test Ban Treaty
- Sub-Strategic and Tactical Nuclear Weapons
- A Middle-East Weapons of Mass Destruction Free Zone
- The National Counter-Proliferation Strategy for 2012–2015.

The Committees further recommend that the title of the Government's Annual Report should be widened accordingly. (See paragraph 11 of Volume II of this Report.)

**The Government's United Kingdom Strategic Export Control Annual Report will continue to cover strategic exports from the UK, and in particular the UK's implementation of international and domestic regulation of strategic exports.**

**The Government does not agree that it should change the title or broaden the scope of its Annual Report.**

*The Committees' Report of 2012–13 (HC 205)*

7. The Committees conclude that as its 2013 Report (HC 205) was published on 17 July 2013 and as the Government's Response (Cm8707) was published in October 2013 and only had three deferred responses to the Committees' Recommendations, the Government has broadly maintained the improvement made in the previous year in the timeliness of its responses to the Committees Report. The Committees recommend that this improvement is maintained. (See paragraph 15 of Volume II of this Report.)

**The Government notes the Committees' conclusion and will, as always, endeavour to provide timely and detailed responses.**

*The Committees' questions on the Government's quarterly information on arms export licences*

8. The Committees conclude that the Government's acceptance of the Committees' previous Recommendation that the Government's answers to the Committees' questions on the Government's published quarterly reports of arms export licences granted, refused or appealed should provide the maximum disclosure of information on a non-classified basis consistent with safeguarding the UK's security and trade interests is welcome and recommend that the Government continues this practice. (See paragraph 19 of Volume II of this Report.)

**The Government accepts the Committees' conclusion which reflects current practice.**

*Arms export control legislation and procedures*

*Extra-territoriality*

9. The Committees continue to recommend that it is not justifiable to enable a UK person to escape UK criminal jurisdiction by engaging in arms export or arms brokering activity overseas which would be a criminal offence if carried out from the UK. (See paragraph 27 of Volume II of this Report.)

**The Government's position on extra-territoriality remains as set out in previous responses to the Committees. In particular, it is very difficult to enforce UK law against persons outside the UK. That is why extra-territorial jurisdiction is generally reserved only for the most serious crimes or situations where we have an international obligation to act. Brokering of Category C goods between non-embargoed destinations falls into neither of these categories.**

10. The Committees further conclude that the fact that the Government has now been obliged, in order to achieve compliance with the terms of the Arms Trade Treaty, to extend extra-territoriality to the brokering by UK persons worldwide of battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, certain warships, and certain missiles and their launchers is welcome. (See paragraph 28 of Volume II of this Report.)

**The Government agrees with the Committees' conclusion.**

11. The Committees continue to recommend that extra-territoriality is extended to the remaining military goods in Category C. (See paragraph 29 of Volume II of this Report.)

**The Government does not accept the Committees' recommendations. The Government's position on extra-territoriality remains as set out in previous responses to the Committees. In particular, it is very difficult to enforce UK law against persons outside the UK. That is why extra-territorial jurisdiction is generally reserved only for the most serious crimes or situations where we have an international obligation to act. Brokering of Category C goods between non-embargoed destinations falls into neither of these categories.**

12. The Committees further recommend that the Government in its Response to this Report states whether in order to achieve full UK compliance with the terms of the Arms Trade Treaty the Government is obliged to extend extra-territoriality not only to UK persons engaged in arms brokering activities worldwide, but also to UK persons engaged in direct arms export activities worldwide, and, if so, when it will be introducing the relevant legislation. (See paragraph 30 of Volume II of this Report.)

**The changes to the trade controls introduced by the Export Control (Amendment) Order 2014 completed the legislative changes necessary to achieve compliance with the Arms Trade Treaty (ATT). No further legislative changes are necessary.**

*"Brass Plate" companies*

13. The Committees continue to conclude that it is most regrettable that the Government have still to take any action against "Brass Plate" arms exporting companies who have the

benefit of UK company registration but carry out arms exporting and arms brokering activities overseas in contravention of UK Government policies. (See paragraph 34 of Volume II of this Report.)

14. The Committees again recommend that the Government sets out in its Response to this Report what steps it will take to discontinue the UK registration of such companies. (See paragraph 35 of Volume II of this Report.)

15. The Committees further recommend that the Government in its Response to this Report states the number of such companies whose UK registration the Government has discontinued on public interest, or on any other grounds, in the present Parliament, and also states the names of the companies so de-registered. (See paragraph 36 of Volume II of this Report.)

**The Government reiterates that existing legislation would enable action to be taken against brass plate companies that are acting in breach of UK law or where their continued registration is against the public interest, subject to the availability of sufficient evidence that could be disclosed in any legal proceedings. No such companies have been de-registered on these grounds in the present Parliament.**

#### *Arms brokers*

16. The Committees conclude that the Government's acceptance of the Committees' repeated Recommendation that it carries out a full review of the case for a pre-licence register of arms brokers is welcome. (See paragraph 44 of Volume II of this Report)

**The Government notes the Committees' conclusion. The Government intends to publish the results of the Call for Evidence as soon as possible. However, this is most likely to be towards the end of the year (2014).**

17. The Committees recommend that the Government both completes its public consultation and announces its policy conclusion before the end of October 2014 at the latest. (See paragraph 45 of Volume II of this Report.)

**The Government notes the Committees' conclusion. The Government intends to publish the results of the Call for Evidence as soon as possible. However, this is most likely to be towards the end of the year (2014).**

#### *EU dual-use controls*

18. The Committees recommend that the Government states in its Response to this Report:

a) whether the EU Commission's Report on Council Regulation (EC) 428/2009 (the so-called "Dual-Use Regulation") has now been published, and

**The EU Commission's Report to the Council and European Parliament was published on 16 October 2013 and is available on the Commission's website: [http://trade.ec.europa.eu/doclib/docs/2013/october/tradoc\\_151857.pdf](http://trade.ec.europa.eu/doclib/docs/2013/october/tradoc_151857.pdf)**

b) whether the Government has made, or will be making, a response to that Report. (See paragraph 49 of Volume II of this Report.)

**The Government has not made, and will not be making, a formal response to this Report.**

*EU end-use control of exported military goods*

19. The Committees recommend that the Government states in its Response to this Report whether it remains concerned about the current limitations of EU end-use control of exported military goods with particular reference to ensuring that military end-use controls:

a) can be applied to the export of complete items which are to be used as complete items; and

b) will permit preventing the export of unlisted items that are to be modified for military purposes, either in the destination country or in an intermediate destination.

If so, the Committees further recommend that the Government states in its Response what action it is taking with the EU to remove the above limitations of EU end-use control of exported military goods. (See paragraph 52 of Volume II of this Report.)

**The Government's position remains as set out in the response to the Committees' 2013 Report. We continue to engage constructively in the on-going review of the EU export control system for dual-use items.**

*Torture end-use control and end-use control of goods used for capital punishment*

20. The Committees recommend that the Government states in its Response to this Report:

a) whether the British Government is represented on the informal Experts Group being consulted by the EU Commission in its review of the EU Torture Regulation and, if so, by whom;

**The EU Commission's informal consultation with an 'Experts Group' drawn from civil society concluded in 2013. The Government was not represented in this group.**

b) whether the EU Commission's intended meeting last year with Member States for formal discussion on its proposals for the EU Torture Regulation took place, and whether the UK Government was present at the meeting;

c) whether the Commission's proposals for the EU Torture Regulation have now been published and, if so, what the UK Government's response to them has been; and

**The EU Commission held a meeting to discuss amendments to the Annexes to Council Regulation (EC) No 1236/2005 on 30 October 2013, which the UK attended. The consequent amendments to the Annexes were published on 17 July 2014 and are publicly available at the following link: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL\\_2014\\_210\\_R\\_0001&qid=1405666721643&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_210_R_0001&qid=1405666721643&from=EN).**

**Separately, the Commission's proposals for a broad amendment to Council Regulation (EC) No 1236/2005 are publicly available at the following link, alongside an Explanatory Memorandum issued by the Government: <http://europeanmemoranda.cabinetoffice.gov.uk/memorandum/proposal-for-regulation-of-the-european-parliament-of-the-council-amending-council-regulation-ec-no-1394109635>.**

**These proposals are subject to ongoing discussions at the EU Council. The UK will continue to engage constructively in those discussions.**

d) whether it will reconsider its policy of not legislating at national level for end-use controls on torture and death penalty goods. (See paragraph 58 of Volume II of this Report.)

**We have no current plans to legislate at national level for end-use controls on torture and death-penalty goods. Experience has shown that list-based controls are more likely to be effective than horizontal end-use controls. The Business Secretary has shown that he is prepared to introduce list-based controls where necessary, as when banning the export of certain drugs used in execution by lethal injection. However, list-based and end-use controls are not mutually exclusive and we remain ready to engage positively with the Commission should they be minded to consider an EU-wide torture end-use control.**

#### *Re-export controls and undertakings*

21. The Committees recommend that the Government states whether, in addition to the sniper rifles to France case in 2012, it has any information about controlled goods with export licence approval from the Government having subsequently been re-exported for undesirable uses or to undesirable destinations contrary to the Government's re-export

controls and undertakings which became compulsory from July 2010 and, if so, provides the Committees with details in its Response. (See paragraph 61 of Volume II of this Report.)

**The Government is not aware of any other such cases.**

#### *Licensed production overseas*

22. The Committees recommend that the Government states whether it is still the case that the Government has no evidence that, during the lifetime of the present Government, breaches of UK arms control policies may have occurred as a result of the export of UK-designed goods, including components, from licensed production facilities overseas. If this is no longer the case, the Committees further recommend that the Government provides details of such breaches in its Response to this Report. (See paragraph 64 of Volume II of this Report.)

**The Government is not aware of any such cases.**

#### *Use of UK subsidiaries to export arms*

23. The Committees conclude that it is a significant loophole in UK arms export controls that a UK company can circumvent those controls by exporting military and dual-use goods using an overseas subsidiary. The Committees recommend that the Government states whether it will close this loophole, and, if so, by what means and in what timescale. (See paragraph 68 of Volume II of this Report.)

**The Government does not accept the Committees' recommendation. Overseas subsidiaries are not UK companies and they are subject to the law of the countries in which they operate. Trying to extend UK law to foreign companies raises difficult legal and practical questions. In particular, we cannot enforce UK law against a foreign company operating outside the UK.**

**The Government is committed to promoting the highest standards of conduct by UK companies operating overseas. That is why we launched the Business and Human Rights Action Plan in September 2014, and have updated the Business and Human Rights Toolkit. We want all companies, wherever they are based and wherever they operate, to take account of the human rights' impacts of their activities. However, we have no plans to extend UK export control law to foreign subsidiaries.**

#### *The Consolidated Criteria and EU Council Common Position*

24. The Committees conclude that it is misleading for the Government to have entitled its new Criteria the "Consolidated EU and National Arms Export Licensing Criteria" when the text:

- a) has substantial differences from the EU Council's Common Position on arms exports;
- b) is not an EU document;
- c) includes the policy statement that "The Government will thus continue when considering licence applications to give full weight to the UK's national interest, including:
  - i. The potential effect on the UK's economic, financial and commercial interests, including our long-term interests in having stable, democratic trading partners;
  - ii. The potential effect on the UK's international relations;
  - iii. The potential effect on any collaborative defence production or procurement project with allies or EU partners;
  - iv. The protection of the UK's essential strategic industrial base"; and
- d) is clearly the UK Government's national variant of the EU Common Position on arms exports.

The Committees therefore recommend that the Government should clearly differentiate between the UK's Consolidated Criteria on arms exports and the EU's Common Position on arms exports. (See paragraph 78 of Volume II of this Report.)

**The Government does not accept the Committees' conclusions. As the Business Secretary explained in his letter to the Chairman of 14 May 2014, the "new" Criteria represent an update of the Consolidated Criteria announced to Parliament in October 2000 to take account of developments in the past 14 years, including the adoption by the EU of the Common Position on arms exports and the adoption by the UN of the ATT. It does not purport to be an "EU document"; it is intended to set out how the UK will apply the eight Criteria. In addition, the update did not represent a substantive change in policy in any way and retaining the name of the "old" Criteria is intended to reflect this continuity in policy. The Government will continue to refer to the "Consolidated EU and National Arms Export Licensing Criteria" (known as the "Consolidated Criteria") when we mean the Statement made to Parliament by the Business Secretary on 25 March 2014 or its predecessor, and to the "EU Common Position" when we mean Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment.**

25. The Committees recommend that the Government states in its Response when it will be providing the Committees with its update on the EU User's Guide following the adoption of the Arms Trade Treaty. (See paragraph 79 of Volume II of this Report.)

26. The Committees further conclude that the fact that Government was obliged by provisions of the Arms Trade Treaty to introduce the risk of gender-based violence, in addition to violence against children, into the Criteria for the first time is welcome. (See paragraph 80 of Volume II of this Report.)

27. The Committees conclude that the Government's insertion into the Criteria that it will "not grant a licence if there is a clear risk that the items might be used in the commission of a serious violation of international law" is welcome. (See paragraph 81 of Volume II of this Report.)

28. However, the Committees also conclude that the Government's deletion of the policy in the October 2000 UK Consolidated Criteria that: "An export licence will not be issued if the arguments for doing so are outweighed.... by concern that the goods might be used for internal repression" represents a substantive weakening of the UK's arms export controls and recommend that this wording is re-instated. (See paragraph 82 of Volume II of this Report.)

**The Government does not accept the Committees' conclusions. As the Business Secretary explained in his letter to the Chairman of 14 May 2014: "The statement you refer to was a general statement that formed part of the introductory text, it did not form part of the Consolidated Criteria itself. Licence applications have always been assessed against the eight Criteria and not against general statements contained in the introductory text." There has been no substantive change in policy.**

29. The Committees finally conclude that the Government's assertion in relation to the new Arms Export Criteria announced on 25 March 2014 that: "None of these amendments should be taken to mean that there has been any substantive change in policy" is not sustainable. (See paragraph 83 of Volume II of this Report.)

**The Government does not accept the Committees' conclusions. As the Business Secretary explained in his letter to the Chairman of 14 May 2014: "The statement you refer to was a general statement that formed part of the introductory text, it did not form part of the Consolidated Criteria itself. Licence applications have always been assessed against the eight Criteria and not against general statements contained in the introductory text." There has been no substantive change in policy.**

### Organisational and operational Issues

#### *Export Control Organisation (ECO) - Remit, responsibilities, structure and staffing*

30. The Committees recommend that the Government states in its Response to this Report whether it remains satisfied that the present remit, responsibilities, structure and staffing of the Export Control Organisation fully meet the Government's policy objectives, whether it has any plans to make changes, and, if so, what those changes are. (See paragraph 86 of Volume II of this Report.)

**There are no plans to change the current remit of the Export Control Organisation (ECO). Staffing levels in the ECO have been reduced in common with all parts of Government and are kept under review as part of the**

**Department for Business, Innovations and Skills (BIS) business planning cycle. Current staffing levels are adequate and the Government is meeting its export licensing targets.**

*Charging for processing arms export licences*

31. The Committees continue to conclude that it would be undesirable to make the Export Control Organisation financially dependent on fee income from arms exporters, and recommends that the Government states in its Response to this Report whether it remains the Government's policy not to introduce a charging regime for arms export licences. (See paragraph 89 of Volume II of this Report.)

**The Government has no plans to charge for export licensing services in this Parliament, although it does not rule out considering options for chargeable services in the future.**

*Performance*

32. The Committees conclude that the substantial increase in scrutiny by FCO Ministers of arms export licence applications — up from 39 in 2010 to over 300 in 2013 — is welcome. (See paragraph 100 of Volume II of this Report.)

**The Government notes the Committees' conclusion.**

33. The Committees recommend that the Government states in its Response the reason for the serious deterioration of the Export Control Organisation's performance on appeals in 2013 and the specific steps the Government is taking to ensure that ECO meets its target of processing 60% of appeals within 20 working days from receipt of all relevant information from the appellant and 95% in 60 working days. (See paragraph 101 of Volume II of this Report.)

**Performance on appeals was affected by a high proportion of cases involving complex policy issues. 16 appeals submitted in 2012 were not determined until March 2013 due to discussions about the UK's application of the military end use control.**

**An additional factor followed the departure of the previous Head of ECO. During the recruitment period for a replacement, appeals against refusals based on classified material were determined at director level, a higher ranking official. This continued while the new ECO Head was undergoing security clearance to read classified information. This process was completed in June 2013.**

34. The Committees recommend that in its Response to this Report the Government states what specific steps it has taken to improve the Export Control Organisation's performance on appeals and what have been the actual results. (See paragraph 102 of Volume II of this Report.)

**A more robust system is now in place with regular updates circulated to individual officials dealing with appeals.**

**As at 28 August 2014, appeals performance for the current calendar year is 43% finalised within 20 working days and 70% in 60 working days. This is still below target, but is nonetheless a marked improvement on the figures for all of 2013.**

**The target may need to be adjusted to take account of the complexity of appeal cases and manage the expectations of exporters. Although the overall number of appeals is very small they are necessarily "hard cases" requiring careful consideration.**

35. The Committees further recommend that the Government states in its Response whether it remains its policy "to develop a strategy to encourage exporters to shift from individual to open licences", and, if so, what assessment it has made of the risk of an increase in breaches of the Government's arms export control policies as a result. (See paragraph 103 of Volume II of this Report.)

**The ECO confirms that it is committed to developing a strategy to encourage exporters to transfer from Standard Individual Export Licences (SIELs) to Open Individual Export Licences (OIELs) where possible. OIELs are granted to individual exporters, usually for three or five years, for a pattern of exports of named goods to named end users. They remove the need for prior approval for each shipment that falls within these parameters. Experience and analysis shows that a large number of SIELs annually relate to exports for which OIELs would be suitable, i.e. less sensitive goods to less sensitive destinations, with exporters using SIELs for repeat business - same goods, same end user, same group of destinations. The Government's risk appetite will not change as a result of this new policy as the exports concerned are those which do not raise significant concerns against the Consolidated Criteria. A company's use of open licences is, of course, audited by the ECO's Compliance Inspectors who have the ability to recommend the suspension or revocation of an open licence in the event of a company not complying with its terms and conditions.**

**First steps have been taken to develop the strategy, namely a review of the application, approval and renewal processes to make them simpler to navigate for exporters and officials. Next steps will include an analysis of the likely "conversion rate" from SIELs to OIELs and a review of resource implications within Government.**

## *Review of ECO*

36. The Committees recommend that the Government states in its Response to this Report what specific steps it has taken, and will be taking, to make the ECO website more user-friendly to exporters. (See paragraph 110 of Volume II of this Report.)

**There is no shortage of information on GOV.UK about export controls, the policy and licences available. The challenge has been in enabling accurate searches to be made within GOV.UK for ECO material, given the vast quantity of information on the site. Our approach has been to develop an ECO specific “front page” providing easy access to all ECO pages. GOV.UK has been developed for easy access from commercial web browsers. With the addition of a “front page” Export Control pages are rated as number one or two in many search lists.**

## *Transparency of arms export licensing*

37. The Committees conclude that the Government failed to discharge its consultation obligations satisfactorily before making a significant change of policy on the transparency of arms export licensing with the Business Secretary’s decision in 2013 that the users of Open General and Open Individual Licences would be required to report on their usage of those licences only on an annual, rather than on an annual and quarterly, basis as previously stated on 13 July 2012. (See paragraph 123 of Volume II of this Report.)

**The Government does not accept the Committees’ conclusion. The results of the consultation were announced to Parliament by the Business Secretary in a Written Statement on 18 July 2013. The Statement made clear that the intention was to minimise the administrative burden on exporters. In finalising the implementation of the transparency initiative we concluded that the administrative burden would be too high. The Business Secretary therefore made a further announcement in Parliament amending the scope of the reporting requirement.**

38. The Committees recommend that the Business Secretary provides his promised update of his review of the reporting requirements under the Government’s Transparency Initiative before his next evidence session with the Committees, which the Committees plan to have this coming Autumn. (See paragraph 124 of Volume II of this Report.)

**The Government does not accept the Committees’ recommendation. In order to conduct a proper review it will be necessary to analyse a full year’s-worth of data returns which means that the review cannot commence until early 2015. The Government committed to this timetable when the Business Secretary appeared before the Committees in December 2013.**

*Powers to create new categories of export licences*

39. The Committees continue to conclude that Article 26 of the Export Control Order 2008 enabling the Secretary of State to create new types of arms export licences without Parliamentary approval is unsatisfactory and could be used in a way that would significantly diminish the ability of Parliament to scrutinise the Government's arms export policies. The Committees recommend that the Government should amend the Export Control Order 2008 accordingly. (See paragraph 127 of Volume II of this Report.)

**The Government does not accept the Committees' conclusion. The power to regulate strategic exports and to grant licences was delegated to the Secretary of State by Parliament through the Export Control Act 2002. The Act sets out the Parliamentary procedures to be followed when making an order to regulate the export of goods. No further Parliamentary approval is necessary. Consequently the Government has no plans to amend article 26 of the Export Control Order 2008.**

40. The Committees recommend that the Government in its Response to this Report lists since the Export Control Order 2008 came into effect the individual licences and the general licences that have been created under Article 26 stating in each case:

- a) the date the licence was created;
  - b) the reason for its creation;
  - c) to whom it has been granted; and
  - d) what goods were authorised to be exported under each licence and to whom.
- (See paragraph 128 of Volume II of this Report.)

**Detailed information on individual licences granted, refused and revoked is given in the Government's Quarterly and Annual Reports on Strategic Export Controls. The table below summarises the total numbers of individual licences granted from the time the Export Control Order 2008 came into force on 6 April 2009 until 31 March 2014. Each of these "types" of individual licence existed before the Order came into force.**

Licence	Total Number granted
Standard Individual Export Licence (SIEL)	51,593
Standard Individual Trade Control Licence (SITCL)	446
Standard Individual Transshipment Licence (SITL)	44
Open Individual Export Licence (OIEL)	1,153
Open Individual Trade Control Licence (OITCL)	99

**Open General Export Licences (OGEL) (both "In force" and "Expired") created since 6 April 2009 can be found attached at Annex A.**

*Priority Markets for UK arms exports*

41. The Committees conclude that:

a) the decision of the Business Secretary to write on 17 April 2014 to the Committees with the outcome of the Government's review of Priority Markets for 2014/15 and with an explanation of why each country is included in the list is welcome;

**The Government notes the Committees' conclusion.**

b) the removal of Libya from the list is welcome; and

**The Government notes the Committees' conclusion.**

c) the decision to assess individual EU and NATO member countries on their arms export merits rather than as groups is welcome. (See paragraph 131 of Volume II of this Report.)

**The Government notes the Committees' conclusion.**

42. The Committees recommend that the Government states in its Response to this Report why Canada has been deleted from the Priority Markets List. (See paragraph 133 of Volume II of this Report.)

**Under BIS, UK Trade and Investment's Defence and Security Organisation (UKTI DSO) supports UK industry in markets around the world where there are opportunities in the defence and security sectors. The UKTI DSO List of Priority Markets is an administrative tool for use in business and resource planning by UKTI DSO. The planning enables UKTI DSO to focus its efforts to better effect in support of UK companies. The List also provides an indication to industry of the markets where UKTI DSO judges the opportunities to be significant. Whilst there continue to be opportunities for the UK defence and security industry to win business in Canada, the market review in 2013/14 judged these currently not to be significant and consequently removed Canada from the Priority Markets list for 2014/15. Opportunities come and go over different periods around the world and the assessment of which markets are a priority for UKTI DSO planning purposes will therefore vary. In total, 28 markets have appeared in the last six UKTI DSO Priority Market lists; only 12 markets have featured in all six lists, with the 2014/15 list comprising 16. UKTI DSO will continue to consult extensively before any new UKTI DSO List of Priority Markets is submitted for the Business Secretary's approval. Markets will continue to be added to, or removed from, the List depending upon the outcome of the UKTI DSO assessment for the period in question.**

43. The Committees further recommend that the Government needs to explain to Parliament and the wider public more fully why Saudi Arabia is listed by the Business Department as a

Priority Market for arms exports whilst simultaneously being listed by the Foreign and Commonwealth Office as being a country of major human rights concern, and also why Bahrain has now been added to the Business Department's Priority Markets List notwithstanding the continuing concerns about human rights in that country. (See paragraph 134 of Volume II of this Report.)

**The Government believes that UKTI DSO activity to focus its efforts to better effect in support of UK companies, producing a List of Priority Markets offering significant opportunities for UK defence and security industries, is not incompatible with the activity of the Foreign and Commonwealth Office (FCO) regarding human rights and democracy.**

**The FCO report on its activities: *Human Rights and Democracy Report 2013 (updated 24 June 2014)*, includes a list of 28 countries about which the UK has wide-ranging human rights concerns and in which the UK believes improvements are needed. The Report also includes case studies on other countries which the UK believes show a negative trajectory and where the UK believes improvements are needed.**

**The UK has a thorough and robust export control and licensing system, which distinguishes between exports for legitimate defence and security purposes and those that breach the Criterion 2 threshold: a clear risk that they might be used for internal repression, violation of human rights or gender-based violence. These considerations are specifically identified in the Government's Consolidated Criteria against which all applications for strategic export control licences for military goods, including arms and dual-use goods, are assessed on a case-by-case basis.**

**Following UKTI DSO's market review in 2013/14, the Kingdom of Saudi Arabia is on the UKTI DSO List of Priority Markets 2014/15 because it has significant defence and security opportunities for UK exporters, and a high demand from UK companies for UKTI DSO support. Likewise, Bahrain is also included in the UKTI DSO list of Priority Markets for 2014/15, in particular having one significant defence-related opportunity in the air sector.**

**The Government requires all controlled defence and security exports, including those opportunities in UKTI DSO Priority Markets, to be subject to the Consolidated Criteria. The identification of Saudi Arabia and Bahrain as Priority Markets does not, therefore, impact on export control decisions. UKTI DSO is not set up to lobby on behalf of exporters in this regard and inclusion on UKTI DSO's Priority Market List does not therefore impact on the licensing process.**

## *Trade exhibitions*

44. The Committees conclude that though the Government agreed without qualification the Committees' previous Recommendation "that it is of the utmost importance that all defence and security equipment exhibitions licensed or facilitated by UK Government Departments, organisations and bodies do not display, promote or market Category A goods including goods that could be used for torture", the Government failed to achieve this policy once again at the biennial Defence and Security Equipment International exhibition (DSEi) held in London in September 2013. (See paragraph 152 of Volume II of this Report.)

**The Government agrees that it is unacceptable for promotional material relating to Category A goods to be displayed at trade fairs in the UK. We work closely with the organisers of the Defence and Security Equipment International (DSEi) event to ensure that all exhibitors are aware of UK law in relation to Category A goods. As there were around 1300 exhibitors at DSEi in 2013 it was clearly not possible to check every piece of promotional literature in advance. However, as soon as the literature concerned was brought to the attention of the organisers they acted swiftly to close those stands and to eject the exhibitors from the event.**

45. In view of the self-evident lack of clarity in the present criminal legislation as shown by the Business Secretary's reply to the Committees of 6 June 2014, the Committees recommend that the Government states in its Response whether it will amend the relevant legislation to make it clear beyond doubt that a breach of the Government's policy "that it is of the utmost importance that all defence and security equipment exhibitions licensed or facilitated by UK Government Departments, organisations or bodies do not display, promote or market Category A goods, including goods that could be used for torture" constitutes a criminal offence. (See paragraph 153 of Volume II of this Report.)

**The Government does not agree that the law is unclear in this area – it is a criminal offence to do "any act calculated to promote the supply or delivery of any Category A goods, where that person knows or has reason to believe that such action or actions will, or may, result in the removal of those goods from one third country to another third country." Where a possible breach of the law has been identified, HM Revenue and Customs (HMRC) and the Crown Prosecution Service will decide whether it is appropriate and proportionate to take enforcement action or to bring a prosecution based on the precise circumstances of the case in question.**

46. The Committees recommend that the Government states in its Response whether it will ensure that the Committees are informed of the outcome of the Government's review of the Memorandum of Understanding between Clarion Defence and Security Ltd and the Export Control Organisation as early as possible in January 2015. (See paragraph 154 of Volume II of this Report.)

**During spring 2015 we will review the 2013 Memorandum of Understanding (MoU) between Clarion Events and the ECO and ensure it is updated with legislation that is current at the time of signing. An updated MoU will be signed ahead of the next DSEi exhibition to take place in the UK. We understand that the next DSEi exhibition will not take place until September 2015. A copy of the revised MoU will be placed in the Libraries of both Houses of Parliament.**

### *Enforcement*

47. The Committees conclude that the Government's confirmation that it will continue to publish details of individuals and companies convicted of arms export offences and the sentences imposed by the courts is welcome, but recommends that the Government in its Response to this Report explains why there were just 3 successful prosecutions for strategic export offences in 2012–13 and 1 in 2011–12 compared with 8 in 2010–11. (See paragraph 159 of Volume II of this Report.)

**The Government does not consider that the variations in numbers of prosecutions between 2010 and 2013 are indicative of any particular trend. Investigations into export control and trafficking and brokering offences vary greatly in complexity, and therefore the time it takes to conclude an investigation and bring it to court also varies. It was unusual to have eight cases come to court in one year, as occurred in 2010-11. The cases were not linked and it was coincidental that these cases were concluded during the same financial year.**

48. The Committees further recommend that the Government states in its Response why HMRC visits to Open Export Licence holders have declined from over 800 in 2009 and in 2010 to 300 in 2012. (See paragraph 160 of Volume II of this Report.)

**The ECO (not HMRC, as the question suggests) continues to review its management information regarding compliance audit visits. We concluded that changes to how data was presented in 2012 continue to be robust compared to those produced in previous years.**

**The total number of audits in 2012 was 512. The figure of 300 quoted in the question is incorrect and appears to be the addition of the percentages in the table. As stated in a previous response, the figures from the previous years were ambiguous as we were in fact measuring the workload of compliance inspectors as opposed to the actual number of visits. Audit visits were being counted in the figures when all the preparatory work had been done, but the actual visits, in some instances, had been postponed at the last minute by a business. The participation by a compliance inspector in an ECO awareness seminar or similar event outside London was also being counted as equivalent to a visit.**

**The figure for the total number of compliance audit visits undertaken up to and including 2010 contains an element of double-counting, but the figure for 2011 does not. We have established that the order of magnitude of this double-counting (e.g. postponed visits and other events) accounted for 123 visits in 2010. Given the scale of the problem, a new process has been introduced whereby companies that postpone an audit meeting at short notice and without a compelling reason receive a warning letter from their inspector. This continues to result in a reduction in the number of cancellations.**

49. The Committees also recommend that the Government should restore reporting on:

- a) the number of unlicensed shipments discovered during compliance visits; and
- b) the categories of misuse discovered during compliance visits to Open Individual and Open General Licence holders as was done up to and including the Government's Strategic Export Controls 2011 Report. (See paragraph 161 of Volume II of this Report.)

**In respect of "categories of misuse found," we concluded that the distinction between "administrative errors," "general lack of knowledge leading to errors," and "unlicensed shipments" was not sufficiently clear and was therefore being applied inconsistently.**

**We have specific criteria to identify the compliance of a business that is quick and precise, ensuring consistency in its application across all sectors for all inspectors. Given the significant number of businesses that need to be audited and the need for the ECO to target businesses with compliance issues, the categories now adopted help the inspectors to identify more precisely the extent of business non-compliance.**

50. In its scrutiny of the Government's arms exports for the Quarter July to September 2013, the Committees asked the following question:

"Why was an incorporated SIEL to Brazil [via the United States] for components for military training aircraft refused?"

The Government Response was:

"We refused the SIEL under Criterion 7 because we assessed there was a risk that the goods might be diverted within the buyer country or re-exported under undesirable conditions." [The further classified information relating to this licence application given to the Committee cannot be published.]

The Committees recommend that the Government states in its Response what is the standard wording it uses in its export licence application forms in which all applicants state in writing that the information in their application is accurate, and what are the penalties in

current legislation if a licence applicant knowingly includes false information in their application. (See paragraph 162 of Volume II of this Report.)

**The standard wording on the licence application concerning the accuracy of the information is:**

***“It is an offence to make any statement or furnish any document or information which to your knowledge is false in a material particular; or recklessly make any statement or furnish any document or information which is false in a material particular”.***

**The applicant confirms their acceptance of this and other conditions by typing the words ‘I AGREE’ in the relevant box on the application form.**

**Article 37 of the Export Control Order 2008 sets out the penalties for making misleading licence applications. A person guilty of such an offence shall be liable:**

**a) on summary conviction:**

**(i) in England and Wales or Northern Ireland, to a fine not exceeding the statutory maximum or to imprisonment for a term not exceeding three months, or to both;**

**(ii) in Scotland, to a fine not exceeding the statutory maximum or to imprisonment for a term not exceeding twelve months, or to both; or**

**(b) on conviction on indictment to a fine or to imprisonment for a term not exceeding two years, or to both.**

**In addition, any licence that has been granted in connection with the application for which the false statement was made or the false document or information was provided is void, effective from the time it was granted.**

### *Compound penalties*

51. The Committees recommend that the Government states in its Response to this Report: a) whether there is any authority independent of the Government, such as the Crown Prosecution Service, authorising in the case of each breach of the criminal law on arms export controls the use of a compound penalty instead of a criminal prosecution and, if not, whether the Government will establish one;

**Decisions to offer compound penalties are made by HMRC and there is no requirement for such decisions to be authorised by any other authority. The Government believes that the compound penalty regime plays an important role in the enforcement of export controls, providing an effective and efficient method of dealing with less serious breaches of those controls. There are no plans to introduce a third party into the compounding process.**

b) for what specific breaches of the criminal law on arms export controls HMRC currently allows a compound penalty to be offered;

**The practice of Compounding can be applied to all Customs and Excise offences, including offences involving unlicensed exports of military and dual-use goods and trade (trafficking and brokering) offences relating to such goods. Specifically, compound penalties can be offered for breaches under Articles 3, 4, 5, 6, 7, 8, 9, 11, 12, 19, 20, 21, 22, 23, 37, 38 and 39 of the Export Control Order 2008.**

c) whether refusal of an offer of a compound penalty automatically results in a criminal prosecution, and, if not, why not; and

**An offer of a compound penalty is made in lieu of criminal prosecution. If HMRC offers a compound penalty, the exporter is under no obligation to accept it. If an offer is declined, the case will automatically be referred to the Crown Prosecution Service for a decision on prosecution.**

d) the number of compound penalties offered by HMRC and the total sum paid to HMRC in compound penalties in the latest year for which figures are available. (See paragraph 166 of Volume II of this Report.)

**During the financial year 2013-14, HMRC issued eight compound penalties for breaches of strategic export controls and strategic trade controls, which resulted in a total amount paid of £447,000.**

### *Crown Dependencies*

52. The Committees conclude that they do not accept the Government's view that it would not be appropriate for it to report to a UK Parliamentary Committee any breaches of the UK Government's arms export controls and policies by a Crown Dependency on the grounds that any such breaches fall within the Crown Dependencies' domestic competences because:

a) successive UK Governments have submitted evidence to UK Parliamentary Committees, such as the Foreign Affairs Committee, on matters relating to a Crown Dependency's domestic competence; and

b) the financing of arms export transactions and arms export controls have overseas as well as domestic ramifications.

The Committees therefore repeat their previous Recommendation that the Government monitors enforcement by Crown Dependencies of the UK Government's arms export controls and policies and notifies the Committees of any breaches. (See paragraph 169 of Volume II of this Report.)

**The Government maintains its position that, for the reasons previously stated, it would not be appropriate for it to report to a UK Parliamentary Committee on matters within the Crown Dependencies' domestic competence.**

**The example cited by the Committees of evidence given to the Foreign Affairs Committee is different, in that international relations is a matter on which the Government has competence in respect of the Crown Dependencies.**

#### *Combating bribery and corruption*

53. The Committees recommend that the Government in its Response to this Report states, since its last Response in Cm8707, the names of any individuals and any companies against whom it has taken action under the provision of the Bribery Act 2010 in relation to their arms export dealings or financing. (See paragraph 172 of Volume II of this Report.)

**There have been no cases.**

#### *International Development*

54. The Committees conclude that it is regrettable that though the Government stated in its previous Response that the Department for International Development (DFID) was in the process of assessing its role in the Arms Export Control Process and that officials would be submitting advice to Ministers in the Autumn of 2013, and would update the Committees as soon as possible thereafter, the Committees did not receive the promised update until 6 June 2014. (See paragraph 176 of Volume II of this Report.)

55. The Committees conclude that the decision of the Department for International Development (DFID) to strengthen its application of Criterion 8 ("whether the proposed export would seriously hamper the sustainable development of the recipient country") is welcome. (See paragraph 177 of Volume II of this Report.)

56. The Committees further conclude that DFID's undertaking to make a full report in 2015 on the effectiveness of its revised methodology for assessing arms export licence applications against Criterion 8 is also welcome. (See paragraph 178 of Volume II of this Report.)

57. The Committees recommend that the Government should state in its Response whether it agrees that DFID, whilst making Criterion 8 its prime focus of involvement in the arms export controls process, should also keep under review being involved formally in the assessments under other Criteria such as Criterion 3 (Internal Situation in the country of final destination) and Criterion 4 (Prevention of regional peace, security and stability) given that in a number of countries DFID has more staff present than any other British Government Department. (See paragraph 179 of Volume II of this Report.)

The formal involvement of the Department for International Development (DFID) in the assessment of Criteria other than Criterion 8 has recently been reviewed. This noted that the expertise required for assessment of these other Criteria already sits within other departments. DFID officials work closely with colleagues from other departments both in London and overseas, and their knowledge is therefore already available informally for these assessments. While there are no plans for a more formal role, the Government will continue to consider the question periodically and will update the Committees if the assessment changes.

### Arms Exports Agreements

#### *UK/US Defence Trade Cooperation Treaty*

58. The Committees recommend that the Government states in its Response to this Report:

a) the names of the companies and facilities of the UK members of the UK/US Defence Trade Cooperation Treaty (DTCT) additional to the 14 members listed in the Government's previous Response (Cm8707);

- **Stirling Dynamics**
- **Boeing Defence UK Ltd (nine facilities)**
- **AgustaWestland**
- **David Brown Gear Systems Ltd**
- **TMS Support Solutions Ltd**
- **Kongsberg Maritime Ltd**
- **Altran UK**
- **Raytheon UK Ltd (five facilities)**
- **TMD Technologies Ltd**
- **Centanex Ltd**
- **Computerised Training Systems Ltd**
- **Malvern Optical Ltd (two facilities)**
- **HITEK Electronic Materials Ltd**
- **CTS GB Ltd**
- **Phoenix Optical Technologies Ltd (three facilities)**
- **L-3 Communications ASA Ltd**
- **OPTIMA Defence & Security Group Ltd**
- **Rockwell Collins UK**
- **Plus BAE Systems (Operations) Ltd and BAE Systems Global Combat Systems Ltd facilities**

b) the names of the companies and facilities amongst the original 14 members who are now no longer members and why they have withdrawn in each case;

**The Government is not aware of any withdrawals among these 14 members.**

- c) whether any narrowing of the Exempt Technologies List (ETL) has been achieved, and, if so, in what specific ways;

**The Exempted Technologies List (ETL) was clarified to coincide with the coming into force of the equivalent US bilateral treaty with Australia, which amounted to narrowing in the sense of clarity on certain items being permitted (e.g. fewer exclusions on armoured vehicles). Further, there have been removals from the ETL as a result of US Export Control Reform (ECR) changes where items have transitioned from the US Munitions List (USML - administered by the US State Department) to the Commerce Control List (CCL - administered by the US Commerce Department) when they were previously on the ETL. This process is ongoing and will mirror the wider US ECR effort. See also answers to questions (e) and (f) below.**

- d) each specific UK Industry-to-US Government transaction that has now taken place, if any, under the DTCT;

**No such transactions involving UK industry have yet taken place.**

- e) its response to the view of the Export Group for Aerospace and Defence (EGAD) about the UK/US Defence Trade Cooperation Treaty the “we have ended up with something that has little operational relevance or use to industry. That is why the uptake is so low”; and

**The Treaty has been used successfully for operational purposes on a number of occasions, although other mechanisms also continue to be used. While membership of the Approved Community continues to grow at a steady rate (as evidenced by the answer at (a)), both the UK Government and US Government (USG) wish to encourage greater uptake. However, both Governments recognise that the extensive scope of the ETL does reduce the Treaty’s utility. Further, the US Export Control Reform (ECR) initiative, designed to better protect America’s most sensitive defence technologies while reducing unnecessary restrictions on exports of less sensitive items, is beginning to move items out of the Treaty’s ambit. The USG is conducting a study to assess the impact of ECR on the Treaty to determine whether its exclusivity has been diminished. Initial indications are that this is the case. The USG has therefore agreed to carry out a comprehensive cross-Government ETL review in 2015 once the USML category review to determine what remains International Traffic in Arms (ITAR)-controlled has been completed. Our priority is therefore to focus on ETL changes.**

f) what specific steps it will be taking to achieve its objective to move the US–UK Defence Trade Cooperation Treaty to the mainstream of the UK–US defence and security relationship. (See paragraph 184 of Volume II of this Report.)

**In the near term the key strands of activity can be summarised as follows:**

- **Raise greater awareness among the US companies already eligible to use the Treaty through a major outreach awareness seminar in Washington, D.C. in October 2014;**
- **Remain in dialogue with the US Departments of State and Defense (DE&S) regarding scheduling and staffing an ETL review in 2015, building on the consultation work the UK Government has already undertaken with DE&S Project Teams and UK industry over priority items/areas for change;**
- **Establish the appropriate mechanisms for making ETL changes, prioritising those which require US Congressional notification as opposed to approval;**
- **Continue government-to-government dialogue on promoting Treaty use among US Department of Defense personnel for exports to the US, and in the continued service of joint operations.**

*US International Traffic in Arms Regulations (ITAR)*

59. The Committees recommend that the Government sets out in its Response to this Report the specific ways, if any, the recent US defence export control reforms have put the UK defence industry at a competitive disadvantage to the US defence industry in making exports to third countries. (See paragraph 191 of Volume II of this Report.)

**This issue was addressed in the Business Secretary’s reply to the Chair’s letter of 17 April 2014:**

**The ECR process is not yet complete and we are therefore only able to draw interim conclusions about the impact on UK defence exports. The UK Government welcomes the continuing efforts by the US Administration to reform export controls and expects the movement of certain items from the USML to the Commerce Control List will eventually help to simplify and enhance trade between our two nations, resulting in a net benefit to UK exports.**

**However, it is important to acknowledge that one of the motivations for the ECR initiative was to enhance the international competitiveness of US defence exporters. This could make it harder for UK firms to win business against their US competitors. But we recognise that a more efficient system for processing and granting US export licences could be a huge boon for our industries where they are regularly sending goods back and forth to the US or working regularly with US affiliates or subsidiaries. We will carefully assess the impact on wider UK national interests.**

60. The Committees further recommend that the Government states in its Response what specific steps it is taking to ensure that there is a level playing field for the UK defence industry when competing with the US defence industry for export controls to third countries whilst maintaining adherence to UK national arms export policies. (See Paragraph 192 of Volume II of this Report.)

**The UK works closely with the US on export control issues, both through international arrangements such as the Wassenaar Arrangement (WA) and on a bilateral basis, and we have taken careful note of the changes that the US has made through the ECR process. Of course we want to ensure that UK exporters compete with their US counterparts on a level-playing field. However, US policy with respect to certain destinations, such as Israel, will continue to remain less restrictive than UK policy and inevitably this will have some impact on UK industry.**

#### *UK-France Defence and Security Co-operation Treaty*

61. The Committees recommend that the Government in its Response to this Report provides a further update on the specific steps the Government is taking to ensure that the UK/France Defence and Security Co-operation Treaty is working satisfactorily for the UK defence industry. (See paragraph 196 of Volume II of this Report.)

**The High Level Working Group (HLWG) chaired at Ministerial Level provides the opportunity for industry to raise cross-cutting issues such as export licensing. Additionally, in support of the UK-France Defence and Security Cooperation Treaty, both Governments are also working closely with industry on a spectrum of equipment programmes agreed at the 2014 Summit.**

**Attendance by industry to the HLWG has been analysed on a case-by-case basis to ensure the most value possible is gained both by Government and Industry partners, and provides a platform for industry to share their lessons learned on successful UK/France cooperation and identify ways of improving this relationship even further.**

**Good progress continues to be made with the implementation of the One Complex Weapons Sector strategy which aims to create efficiencies through greater harmonisation of industrial capabilities and capacities in the UK and France on Complex Weapons. As part of this, the UK and French Governments are in the process of helping to enable the implementation by MBDA (a multi-national missile and missile systems development and manufacturing company) of an initial range of technological Centres of Excellence within MBDA-France and MBDA-UK. Included with this is the intention to use Letter of Intent Framework Agreement Global Project Licences (GPL) for each of the eight relevant Centres of Excellence in order to facilitate the transfer of information between the two nations for the variety of national and co-operative programmes that these Centres will serve in the future. The use of GPLs will also help the two governments have much greater visibility on the**

**potential future export sales of Complex Weapons that incorporate these jointly developed technologies.**

62. The Committees further recommend that the Government states in its Response what specific issues relating to the Treaty are under negotiation between the British and French Governments. (See paragraph 197 of Volume II of this Report.)

**Both Governments are focused on delivering the equipment programmes agreed at the Brize Norton Summit and continue to work with industry to identify some areas where there might be the potential to export in the longer term.**

*The Intra-Community Transfer (ICT) Directive on arms transfers within the EU*

63. The Committees recommend that the Government in its Response to this Report states the name of the one UK company that had achieved certification for a general licence under the Intra-Community Transfer (ICT) Directive on arms transfers within the EU as referred to by the Government in its last Response (Cm 8707), and the names of any additional UK companies which have been so certified. (See paragraph 201 of Volume II of this Report.)

**Roxel (UK Rocket Motors) Ltd was the company certified originally. Honeywell UK Ltd has been certified subsequently.**

64. The Committees further recommend that the Government states in its Response what specific proposals it has made in meetings on the ICT Directive in Brussels to improve visibility throughout the EU on the scope of general licences and the conditions attached to their use. (See paragraph 202 of Volume II of this Report.)

**The Government, following discussions with representatives from UK industry, pressed the EU Commission and other Member States to establish measures to increase the visibility of their general licences established under the ICT Directive. The Government explained the practical obstacles faced by industry in not knowing which general licences were available in other Member States nor being able to understand them. The Government specifically requested that English versions of the complete general licences should be published with details of their goods coverage and conditions shown to facilitate their use. The Government also supported the need for “CERTIDER” (the Commission database established for certification arrangements) to be adapted to include a public area to include a centralised database of all the ICT general licences. The Commission has accepted the UK proposals and the need for a database. This is under development.**

65. The Committees also recommend that the Government states what specific steps it is taking to raise awareness of the potential benefits of the Intra-Community Transfer (ICT)

Directive on arms transfers within the EU for UK defence industry companies whilst maintaining adherence to UK national arms control policies. (See paragraph 203 of Volume II of this Report.)

**The Government has no specific awareness raising plans related to the ICT Directive. The Directive introduced a framework of measures, in particular in respect of simplified licensing arrangements, that were required to be implemented by Member States. In the UK, these arrangements had largely been in operation over many years with benefits already being received by UK defence companies. Some additional benefits through faster procurement of defence items from other Member States under the general licences established under the Directive can be anticipated. The certification general licence has a role to play with regard to providing these additional benefits, but until greater transparency is in place with regard to the licences that have been established in Member States then both the Government and defence companies will continue to struggle to establish what benefits these licences will bring (see the answer to Question 64). Hence, any awareness activities on the certification scheme would not be worthwhile at this time.**

### Arms Control Agreements

#### *Arms Trade Treaty (ATT)*

66. The Committees conclude that the Government's ratification of the Arms Trade Treaty is welcome. (See paragraph 214 of Volume II of this Report.)

**The Government is grateful for the Committees' conclusion. The UK's ratification of the ATT on 2 April 2014 (the day it opened for ratifications) shows its commitment to the Treaty.**

67. The Committees recommend that the Government states in its Response:

a) the total number of ratifications now achieved and the countries who have ratified;

**As of 06 October 2014, 53 states have ratified and 121 have signed the Treaty. Passing the fiftieth ratification triggers the Treaty's legal Entry into Force which will happen on Christmas Eve 2014. Full information on the UN states which have signed or ratified is available at <http://www.un.org/disarmament/ATT/>.**

b) the countries which the Government considers to be the 20 largest arms exporters in view of the Foreign Secretary's statement on 2 April 2014 that the UK Government would be urging the largest arms exporters to ratify; and

**The Government does not maintain a list of the top 20 largest arms exporters. The Government is aiming for the ATT to be a universal treaty and is encouraging all States that have not signed to sign and those that have signed to ratify. This naturally encompasses some of the largest exporters of arms.**

c) the specific steps the Government is taking both bilaterally and internationally to persuade individual countries to ratify the Arms Trade Treaty with particular reference to non-ratifying P5 countries and countries amongst the largest arms exporters. (See paragraph 215 of Volume II of this Report.)

**The Government continues to support the EU's new ATT Outreach Project conducted in the framework of Council Decision 2013/768/CFSP. Additionally, FCO funding has been granted for project work which will be led by a range of NGOs. These projects are funded by the Counter Proliferation Strategic Programme Fund and will focus on assisting selected countries in Africa, South America and East Asia to overcome the challenges they face in ratifying and implementing the ATT. The projects also aim to share lessons and best practice with neighbouring countries and regions. This year the Government has directly or indirectly lobbied non-ratifying P5 countries, among others, to ratify the ATT and intends to continue this work.**

#### *EU Council Common Position*

68. The Committees recommend that the Government when considering its future policy towards the EU should have in mind the significance of the EU Common Position in helping to maintain a fair competitive position in the EU for the UK defence industry. (See paragraph 218 of Volume II of this Report.)

**The Government notes the Committees' recommendation.**

#### *Cluster Munitions*

69. The Committees conclude that the Evidence they have received clearly points to both financial institutions and civil society NGOs wishing to see the Government involved in developing a code of conduct on the indirect financing of cluster munitions. (See paragraph 228 of Volume II of this Report.)

**The Government notes the Committees' conclusion.**

70. The Committees recommend that in the light of the Foreign Secretary's statement to the Committees that: "We will look at it again with the financial sector, if necessary, to see when and whether there is scope and need for the Government to act.", the Government states in its Response whether it will act in helping to develop a Code of Conduct on the indirect financing of cluster munitions. (See paragraph 229 of Volume II of this Report.)

**This issue is under active consideration by the Government, and we hope to update the Committees in due course as to how we are taking it forward.**

#### *Small Arms and Light Weapons (SALW)*

71. The Committees recommend that the Government states in its Response what were its objectives at the Fifth Biennial Meeting in New York in June 2014 to consider Implementation of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All its Aspects, together with the International Tracing Instrument, and how far progress was made with each of those objectives or not. (See paragraph 234 of Volume II of this Report.)

**The Government played an active role at the Fifth Biennial Meeting of States (BMS5) to consider implementation of the UN Programme of Action (UNPoA) to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons (SALW) in All its Aspects, together with the International Tracing Instrument.**

**Objectives included securing by consensus a comprehensive, progressive and action-oriented outcome document that did not simply reaffirm old commitments, but drove the SALW agenda forward. This was achieved.**

**UK statements were made that reflected our priorities regarding stockpile management, international co-operation and assistance and the International Tracing Instrument. Copies of the statements are available on the UNPoA website. (<http://www.poa-iss.org/Poa/poa.aspx>)**

**We ensured UK priorities were noted in the outcome document, evidenced by the strong focus on stockpile management, particularly in conflict and post-conflict areas such as Libya. The UK also successfully ensured references were included recognising the devastating consequences of illicit SALW on civilians, particularly women and children.**

**Whilst we took the opportunity at BMS5 to reaffirm the UK's commitment to ensuring full implementation of the UNPoA on SALW, we also highlighted the assistance and support the UK provides to implement the UNPoA effectively. We pushed for recent developments in the field of SALW to be included in the outcome document, such as UN Security Council Decision 2117 and the ATT. Unfortunately this could not be achieved by consensus.**

#### *Landmines*

72. The Committees recommend that the Government states in its Response the countries which have significant holdings of anti-personnel landmines and have not signed and ratified the Ottawa Landmines Convention. The Committees further recommend that the

Government states in its Response what specific steps it is taking with each of those countries to secure their ratification of the Landmines Convention. (See paragraph 238 of Volume II of this Report.)

**The list of non-State Parties to the Anti-Personnel Mine Ban Convention can be found here:**

**[http://www.apminebanconvention.org/fileadmin/APMBC/text\\_status/States-not-party-to\\_APMBC-en.pdf](http://www.apminebanconvention.org/fileadmin/APMBC/text_status/States-not-party-to_APMBC-en.pdf)**

**It is not easy to ascertain with certainty the stocks of anti-personnel mines held by these States.**

**The Government continues to use all appropriate bilateral and multilateral opportunities to promote the universalisation of the Convention. For example, we welcomed the announcement by the US at the Third Review Conference of the Convention that they will no longer produce or otherwise acquire anti-personnel mines in the future, and that they are ‘diligently pursuing other solutions [to] ...ultimately allow us to accede to the Convention.’ Additionally, through our support of EU Council Decision 2012/700/CFSP, we were engaged with the work of a high-level EU ‘Universalisation Task Force.’**

### *Barrel bombs*

73. The Committees conclude that, like cluster munitions and anti-personnel landmines, barrel bombs have been used indiscriminately against civilians. (See paragraph 240 of Volume II of this Report.)

74. The Committees recommend that as the use of cluster munitions and anti-personnel landmines has been banned under international Conventions, the Government should reconsider its position that “it does not currently have any plans to bring the issue of barrel bombs to the UN Convention on Certain Conventional Weapons or any other fora.” (See paragraph 241 of Volume II of this Report.)

**The Government takes the view that existing International humanitarian law (IHL) provisions are appropriate and sufficient for governing the use of weapons. Therefore, our policy is to strengthen and better implement these existing IHL provisions and bear down on impunity rather than seek to create new law. We are committed to upholding the Geneva Conventions and strongly encourage others to do the same.**

**Barrel Bombs, air-delivered improvised explosive devices, unlike anti-personnel mines or cluster munitions, are not of themselves inherently indiscriminate nor necessarily excessively injurious. Barrel bombs, however defined, are capable of being used lawfully. At the heart of the matter are people in authority making decisions on the use of lethal force, which may be**

**in close proximity to civilians or civilian objects, for which they should be held to account.**

*The Wassenaar Arrangement (WA)*

75. The Committees recommend that the Government provides the Committees with its promised update on Wassenaar Arrangement membership issues no later than in its Response to this Report. (See paragraph 249 of Volume II of this Report.)

**Membership issues in the Wassenaar Arrangement (WA) continue to be the subject of regular discussion. There has been no new member since Mexico joined in 2012. Currently there are several applications for membership, but these have not progressed. Cyprus is the only EU Member State remaining outside the regime and the UK continues to press for its inclusion. The UK is co-rapporteur with the US for Serbia's application. Serbia has made a promising and positive start in its bid for membership by drafting a revised Arms Control Law which is currently open for public consultation, and the UK will continue to support Serbia through the process.**

**The UK continues to advocate outreach as a way to encourage States who are holders of significant technology to adhere to the WA control lists. This year's outreach visit was to India in March 2014. Further visits have been proposed. One to Israel has been postponed given the current security situation. Brazil and China are also listed as prospective outreach targets.**

**The UK has worked closely with WA participating States and the Wassenaar Secretariat to promote new ways of engaging non-members. To this end, the UK has submitted, and repeatedly revised, a paper for consideration by participating States which explores the link between membership and outreach as well as ways to encourage adherence by non-members. The UK continues to take a lead on this issue given the importance of controlling the items listed by the WA.**

76. The Committees further recommend that the Government states in its Response:  
a) whether the comprehensive review of the Wassenaar controls list has now been completed or is still on-going; and

**The comprehensive review of the Wassenaar Control List is still on-going. It was agreed in the WA that any comprehensive and systematic list review (CSLR) would pose an excessive burden due to the large number of control entries. Participating States have been encouraged to consider making national proposals to address out of date entries identified by the CSLR process that may need to be reviewed. The UK has submitted one proposal (covering four entries) to the Experts Group in 2014 as a result of the CSLR process.**

b) whether the Wassenaar Arrangement's new export controls on surveillance and law enforcement/intelligence gathering tools and Internet Protocol network surveillance systems or equipment require any amendments to UK primary or secondary legislation to ensure UK compliance. (See paragraph 250 of Volume II of this Report.)

**These changes will be implemented through the forthcoming amendment to Annex I of the EU Dual-Use Regulation. No changes to UK legislation will be necessary. See also the response to 110c below.**

*The UN Register of Conventional Arms (UNROCA)*

77. The Committees recommend that the Government reviews its procedures for compiling its returns to the UN Register of Conventional Arms (UNROCA) to avoid errors in its returns in future. (See paragraph 254 of Volume II of this Report.)

**The Government notes the Committees' recommendation.**

78. The Committees further recommend that the Government states in its Response what specific progress it is making in achieving a widening and broadening of the categories of military equipment that are to be reported to the UN Register of Conventional Arms. (See paragraph 255 of Volume II of this Report.)

**The Government continues to advocate a widening and broadening of the categories of military equipment that are to be reported to the UN Register of Conventional Arms. We will continue to do so each time the Group of Governmental Experts (GGE) sits to evaluate the Register.**

*The Convention on Certain Conventional Weapons (CCW)*

79. The Committees recommend that the Government states in its Response what were its objectives at the meeting of the High Contracting Parties to the Convention on Certain Conventional Weapons in November 2013 and what was the outcome of the meeting. (See paragraph 258 of Volume II of this Report.)

**The Government's objectives at the meeting of the High Contracting Parties to the Convention on Certain Conventional Weapons (CCW) in November 2013 were to discuss the status and operation of the Convention and its protocols, and to support a mandate for an Informal Meeting of Experts on Lethal Autonomous Weapons Systems. This mandate was adopted, and the meeting was subsequently held in May 2014.**

80. The Committees further recommend that the Government states in its Response which countries are now Contracting Parties to the Convention on Certain Conventional Weapons and to each of its 5 Protocols. (See paragraph 259 of Volume II of this Report.)

**A list of High Contracting Parties to the CCW and its five protocols can be found here:**

**[http://www.unog.ch/80256EE600585943/\(httpPages\)/3CE7CFC0AA4A7548C12571C00039CB0C?OpenDocument](http://www.unog.ch/80256EE600585943/(httpPages)/3CE7CFC0AA4A7548C12571C00039CB0C?OpenDocument)**

81. The Committees also recommend that the Government states in its Response what specific steps it is taking to encourage the universalisation of the Convention and to achieve adherence to the existing Protocols. (See paragraph 260 of Volume II of this Report.)

**The Government continues to use all appropriate bilateral and multilateral opportunities to promote the universalisation of the Convention and its annexed protocols.**

#### *The Fissile Material Cut-Off Treaty (FMCT)*

82. The Committees recommend that the Government states in its Response by what date it expects the negotiations on the text of the Fissile Material Cut-Off Treaty to start and, if it is unable to provide an expected date, to state what specific steps it will take to get negotiations started. (See paragraph 264 of Volume II of this Report.)

**The Conference on Disarmament (CD) operates on a consensus basis and all Member States must therefore agree before negotiations on a Fissile Material Cut-Off Treaty (FMCT) can start. Politically, some members are not yet ready to do so.**

**However, in an effort to move this issue forward, the UK supported a General Assembly resolution establishing a Group of Governmental Experts (GGE) on a FMCT mandated to “*make recommendations on possible aspects that could contribute to, but not negotiate, a treaty banning the production of fissile material for nuclear weapons or other explosive devices on the basis of document CD/1299 and the mandate contained therein.*” We were invited to nominate an expert to join the GGE along with experts from a further 24 countries party to the CD and put forward Dr Matthew Rowland, the UK Ambassador to the CD.**

**The FMCT GGE met in April and August 2014 with further meetings planned for 2015. These discussions are taking place in parallel with ongoing diplomatic engagement with CD Member States to try to agree a substantive programme of work. We believe the outcome of the FMCT GGE will put the CD in a more informed position when negotiations begin. As stated in our response to the Committees last year, we do not believe in setting an arbitrary deadline for negotiations to begin. We will continue to work to build confidence with both**

**the nuclear and non-nuclear weapon States to make progress on this necessary step towards disarmament.**

*The Missile Technology Control Regime (MTCR)*

83. Following the Government's statement to the Committees that it considers that the main missile technology exporters who remain outside the Missile Technology Control Regime include China, Israel, India and Pakistan, the Committees recommend that the Government states in its Response whether it has any further countries to add to this list. (See paragraph 269 of Volume II of this Report.)

**The Government does not have any other States to add to the already-named major technology holders that are currently outside the Missile Technology Control Regime (MTCR). The Government is open to looking at the merits of other States that are believed to be major holders of missile technology.**

84. The Committees further recommend that the Government states in its Response what specific steps it is taking in respect of each of its named main missile technology exporters currently outside the MTCR to encourage them to become Missile Technology Control Regime members. (See paragraph 270 of Volume II of this Report.)

**Outreach to prospective MTCR members is the responsibility of the MTCR Chair (Italy for 2013/14), assisted by the previous Chair (Germany) and incoming Chair (Norway for 2014/15). MTCR participating States are encouraged to join the visits. The UK supported a recent proposal for the participation of the TEM (Technical Experts Meeting) and IEM (Information Exchange Meeting) Chairs on future outreach visits. Under the Italian chairmanship of the MTCR outreach visits have taken place to Malaysia, Singapore, Israel and Belarus. In May 2014, before the annual Reinforced Points of Contact meeting in Paris, an MTCR-hosted Technical Outreach Meeting (TOM) was attended by a range of countries demonstrating a continued interest in the MTCR. UK experts attended and presented at the TOM.**

**As in the other export control regimes, the UK takes a supportive position on adherence by non-members to the MTCR guidelines and control lists. The UK presented a paper at the Rome Plenary in 2013 to explore ways in which adherence could be formally recognised and to identify States that adhere to the MTCR guidelines. The UK will continue to support adherence to the MTCR and the efforts of other partners.**

*The G8 (currently G7) Global Partnership Against the Spread of Weapons and Materials of Mass Destruction*

85. The Committees recommend that the Government states in its Response its updated expenditure figures for its expenditure under the Global Threat Reduction Programme (GTRP) in 2013–14, 2014–15, 2015–16 and 2016–17. (See paragraph 274 of Volume II of this Report.)

**Expenditure under the Global Threat Reduction Programme in FY2013-14 was £10.85 million. Future expenditure is subject to approval of requirements and projects, but is predicted to be £10.5 million in FY2014-15 and estimated to be £10 million (nuclear projects only) in FY2015-16. Expenditure in FY 2016-17 will be determined following the next Spending Review.**

86. The Committees conclude that the security importance of reducing, and where possible eliminating, Russia's WMD stockpiles including of chemical weapons is such, that this programme should continue to be funded and recommends that the Government states in its Response whether it concurs with this view. (See paragraph 275 of Volume II of this Report.)

**The Government continues to regard improving the security of material which might be used to produce WMD (Weapons of Mass Destruction), including through reducing stockpiles, as a high priority internationally, including in Russia, and continues to look for opportunities, where appropriate, to engage in cooperative work to achieve this.**

87. The Committees further recommend that the Government should resume producing its Annual Report "Global Threat Reduction Programme" (the last report was in 2010) on its policies and funding contributions in relation to The G8 (currently G7) Global Partnership Against the Spread of Weapons and Materials of Mass Destruction with details of the specific projects that the UK is funding. (See paragraph 276 of Volume II of this Report.)

**The Government is currently looking into resources available to compile a summary report of activities and funding contributions under the Global Threat Reduction Programme, including details of projects where appropriate.**

*The Nuclear Suppliers Group (NSG)*

88. Following the Government's statement to the Committees that it considers that the major nuclear technology holders who remain outside the Nuclear Suppliers Group (NSG) include India, Pakistan and Israel, and that it also considers that suppliers of dual-use technology who are not members include the UAE, Malaysia and Singapore, the Committees recommend that the Government states in its Response whether it has any further countries to add to either its list of major technology holders outside the NSG or its list of suppliers of dual-use technology outside the NSG. (See paragraph 279 of Volume II of this Report.)

**The Government does not have any other States to add to the already-named major technology holders that are currently outside the Nuclear Suppliers Group (NSG). In addition, the Government does not maintain a list of dual-use supplier States outside the NSG, although the Group has met a number of States further to those listed above to discuss nuclear export controls over the past year.**

89. The Committees further recommend that the Government states in its Response what specific steps it is taking in respect of each of its named major nuclear technology holders currently outside the NSG to encourage them to become Nuclear Suppliers Group members, and also what specific steps it is taking in respect of each of its named suppliers of dual-use technology to cease being suppliers of technology that could facilitate nuclear proliferation. (See paragraph 280 of Volume II of this Report.)

**Outreach to prospective NSG members, including the named major technology holders, is primarily the remit of the Group's Chair (for 2013/14, Czech Republic), assisted by the previous Chair (US) and incoming Chair (Argentina, Chair for 2014/15). NSG participating governments do not take part in these outreach meetings. Over the past year, the Troika has met the Indian Foreign Minister and has held meetings with Israel and Pakistan in Vienna. In addition to this, the UK has discussed NSG matters with India, Israel and Pakistan bilaterally over the course of the last year. Prospective membership for these three States, which are not members of the Nuclear non-Proliferation Treaty, is the subject of ongoing discussion within the NSG.**

**Dual-use technology has legitimate non-nuclear uses, and the NSG does not seek to curtail such trade. However, the NSG actively engages with current and nascent nuclear and nuclear dual-use supplier States to ensure that they are aware of proliferation risks. As part of this effort, the NSG hosted a technical outreach meeting in Vienna in April 2014 that seven non-NSG members attended. At the meeting the UK gave presentations on enforcement and border control issues, as well as how to engage with domestic industry to strengthen export controls. In addition, the NSG also advocates that all States should adhere unilaterally to the NSG Guidelines whether or not they are members. Such a move would limit the opportunities for illicit nuclear trade to take place. In support of this, the UK presented a joint paper with the Netherlands at the 2014 NSG Plenary in Buenos Aires exploring options to encourage non-NSG members to adhere unilaterally to the NSG Guidelines. The UK will continue to take a lead in future NSG discussions on this issue.**

#### *The Nuclear Security Summit*

90. The Committees recommend that the Government states in its Response what are the specific reforms of global security systems to ensure that vulnerable nuclear material does not fall into the wrong hands which the Government is determined to push through, and what are the specific steps it is taking to achieve such reforms. (See paragraph 287 of Volume II of this Report.)

The Government is committed to tackling the threat of nuclear terrorism globally in a number of ways. The commitments made by the UK at the 2014 Nuclear Security Summit are detailed below.

- To host an International Atomic Energy Agency (IAEA) International Physical Protection Advisory Service Mission in 2015-16. This follows a 2011 Mission that reviewed security at our biggest site - Sellafield.
- To continue our Global Threat Reduction Programme of financial and expert assistance for nuclear and radiological security improvements overseas. Since 2010, our experts have assisted more than 20 countries, embedding high standards worldwide.
- To contribute £3.4 million to the IAEA Nuclear Security Fund in 2014, bringing the total UK contribution since 2010 to over £12 million.
- To contribute £500,000 to Interpol's Operation Fail Safe to track the movements of individuals involved in the illicit trafficking of radioactive or nuclear material.
- To continue to support the work of the Global Initiative on Combating Nuclear Terrorism.
- To extend outreach and assistance work to at least 16 countries that have yet to ratify or implement key international instruments in the nuclear security field, including the Convention on the Physical Protection of Nuclear Material and its 2005 Amendment, and the International Convention for the Suppression of Acts of Nuclear Terrorism.
- To develop and share best practice on nuclear security and work to strengthen international nuclear security culture, including:
  - As Sponsor of the 2012 Multinational Statement on Nuclear Information Security, to lead international action to ensure the effective protection of sensitive nuclear information.
  - To continue to work with the IAEA and other States to develop and test security guidance on nuclear material accountancy and control, facilitating a roll out of this where States would find it beneficial.
  - To co-host, with the US, a workshop on Enhancing the Security of the Maritime Supply Chain.
- To continue to take forward the development of options for the future management of the UK's inventory of separated civil plutonium.
- To continue to prioritise security of our non-civil nuclear material, in line with our commitment in the UK's recent UNSCR1540 National Implementation Action Plan.
- To continue to develop our National Strategic Framework for nuclear emergency planning and response.
- With France, to continue the UK-France framework for cooperation on civil nuclear security to facilitate the exchange of good practice.
- In partnership with the US and France, and engaging with others, to continue to develop appropriate responses to the threat of nuclear terrorism including render-safe capability.

*The Australia Group (AG)*

91. The Committees recommend that the Government states in its Response which of the countries currently outside the Australia Group that it has said have large or developing chemical industries, for example China, India and Pakistan, or act as transshipment hubs for chemicals, such as Singapore and Vietnam, it would wish to see as members of the Australia Group, and what specific steps it is taking to achieve Australia Group membership by the countries concerned. (See paragraph 291 of Volume II of this Report.)

**The Government is a strong supporter of the Australia Group (AG). We welcome efforts by all countries to strengthen their national export control procedures on the sale of chemical and biological materials and equipment.**

**The Government considers potential new members on a case-by-case basis, with a particular focus on those States which play a strategically significant role in the industry or which host important transshipment hubs. Potential new members need to want to join the AG and must also demonstrate that their national export control procedures meet the requirements of membership. The AG is a consensus organisation, so all members must agree to accept any new member.**

**The AG Plenary in Paris in June 2014 agreed a new initiative for the growing number of non-members who use the AG Guidelines and Control Lists as a benchmark to set their national practices. Those non-members willing to engage will be afforded greater access to the AG and to a broader range of information to assist them in adopting global best practice. The UK will participate actively in this initiative.**

**The Government will continue to participate in AG outreach visits, resources permitting, either to promote good practice, or with a view to encouraging possible future membership. The AG Plenary in June 2014 agreed to undertake outreach visits to a number of States, including Burma, Singapore, China and India. The UK participated in outreach visits to India in 2012 and 2013, Vietnam in 2012, China, Pakistan and Malaysia in 2013.**

*The Academic Technology Approval Scheme (ATAS)*

92. The Committees again recommend that the Government states in its Response:

a) whether it remains satisfied that the UK's Academic Technology Approval Scheme continues to be effective in preventing those foreign students, who pose the greatest risk, from studying potential Weapons of Mass Destruction (WMD) proliferation subjects at UK Institutions of Higher Education; and

**We continue to believe the Academic Technology Approval Scheme represents an appropriate response to the potential proliferation risk from transfers of knowledge and skills acquired through postgraduate study.**

b) whether it will consider introducing legislation to extend the scheme to include any UK students who similarly pose the greatest risk. (See paragraph 295 of Volume II of this Report.)

**The Government's position remains as stated in the Foreign Secretary's letter to the Committees of 12 November 2012. We have no plans to consider legislation to extend the Scheme to include UK students.**

*The Chemical Weapons Convention (CWC)*

93. The Committees recommend that the Government states in its Response the countries that have still to accede to the Chemical Weapons Convention and the dates of accession of any country that has acceded since Somalia's accession on 29 May 2013. (See paragraph 298 of Volume II of this Report.)

**Angola, Burma, Egypt, Israel, North Korea and South Sudan have yet to accede to the Chemical Weapons Convention (CWC). Syria acceded to the Convention on 14 September 2013.**

94. The Committees further recommend that the Government states to which of the non-acceding countries it has participated in outreach on the Chemical Weapons Convention since the beginning of 2013. (See paragraph 299 of Volume II of this Report.)

**Since the beginning of 2013 the Government has reached out to Angola, Burma, Egypt, Israel and South Sudan to urge their adherence to the CWC. This has taken place bilaterally, in partnership with the Organisation for the Prohibition of Chemical Weapons (OPCW), and, for example, as chair of the G8 Non-Proliferation Directors Group during the UK's Presidency of the G8 in 2013. At the 76th Executive Council meeting of the OPCW in July 2014, the UK called on all States not party to the Convention to accede without delay, highlighting the opportunity for further outreach to these States, with the aim of achieving universality of the CWC by the time of the 100th anniversary in 2015 of the first large-scale use of chemical weapons during World War I.**

*The Biological and Toxin Weapons Convention (BTWC)*

95. The Committees conclude that the detailed response given by the Government to the Committees' question on the Government's 2013 Annual Report on strategic exports as to "whether it considers the [UK] civil population to be at risk from state or non-state holdings of biological or toxin weapons and, if so, what steps it is taking both nationally and internationally to mitigate that risk" is welcome. (See paragraph 302 of Volume II of this Report.)

**The Government notes the Committees' conclusion.**

96. The Committees recommend that the Government states in its Response whether it still remains its long-term aim to establish a verification regime for the Biological and Toxin Weapons Convention (BTWC), and, if so, what specific steps it is taking to try to realise this aim. (See paragraph 303 of Volume II of this Report.)

**The Government's main long-term objective is to seek agreement on a verification regime for the Biological and Toxin Weapons Convention (BTWC). However, at present there is no consensus among States Parties on what such a verification regime would look like in practice. Our focus, therefore, is on working with States Parties on the current issues of the Convention's work programme, but we remain fully committed to working towards international agreement on meaningful verification arrangements for the BTWC. The work programme should help create the political conditions that might then make the establishment of a verification regime a practical proposition. The UK will continue to take an active role in any discussions or negotiations that take place on a verification regime.**

**We are beginning our preparations for the Eighth Review Conference, which is scheduled to take place in 2016. We hope that we will be able to identify options that could be agreed at the Conference and which could lead to a further substantive strengthening of the Convention.**

97. The Committees further recommend that the Government in its Response lists which states have now signed, but not ratified, the BTWC and which states have neither signed nor ratified the BTWC. (See paragraph 304 of Volume II of this Report.)

**There are 170 States Parties to the BTWC. There are no new additions for this reporting period.**

**The following ten States have signed but not ratified the BTWC: Central African Republic; Côte d'Ivoire; Egypt; Haiti; Liberia; Burma; Nepal; Somalia; Syrian Arab Republic; and the United Republic of Tanzania.**

**The following 16 States have neither signed nor ratified the BTWC: Andorra; Angola; Chad; Comoros; Djibouti; Eritrea; Guinea; Israel; Kiribati; Mauritania; Micronesia (Federated States of); Namibia; Niue; Samoa; South Sudan; and Tuvalu.**

98. The Committees also recommend that the Government states what specific steps it has taken since the beginning of 2013 to try to secure accession to the BTWC by those states who have not done so thus far. (See paragraph 305 of Volume II of this Report.)

**The Government, bilaterally and as part of the EU, continues to encourage non-States Parties to accede to the BTWC. Five workshops have been organised under the EU assistance programmes for States and non-States Parties to the**

**BTWC, which have promoted better understanding of requirements for accession, enhanced national implementation, and strengthened regional networking of the Convention. The workshops were organised for Colombia (March/June 2014), Mongolia (April 2014), Nepal (February/June 2014), Ecuador (March 2014) and Nepal (June 2013).**

*The Nuclear Non-Proliferation Treaty (NPT)*

99. The Committees recommend that the Government states as fully as possible in its Response what are now its objectives for the Nuclear Non-Proliferation Treaty Review Conference in 2015 and what specific steps it is taking to try to ensure that its objectives are realised. (See paragraph 310 of Volume II of this Report.)

**The Government's objectives for the Nuclear Non-Proliferation Treaty (NPT) Review Conference in 2015 reflect our overall approach to the NPT. We want to agree further progress towards a world free from nuclear weapons and to highlight our actions in support of this; encourage action that will help to contain any threat of proliferation or non-compliance with the NPT; and support the responsible global expansion of civil nuclear industries. We believe that the NPT should remain the cornerstone of the international nuclear non-proliferation regime, and therefore hope that NPT States Parties will be able to agree a consensual outcome balanced across all three mutually-reinforcing pillars to strengthen that position. We will continue to refine our approach in the run-up to the Review Conference.**

Since the 2010 Review Conference, the UK has taken a variety of steps that support our objectives and help us to make parallel progress against the 2010 Action Plan. Many of these steps are set out in our statements to the 2014 NPT Preparatory Committee, which are available on the UN Office for Disarmament Affairs website at the following link:

**[http://papersmart.unmeetings.org/en/secretariat/unoda/npt/third-session-of-the-preparatory-committee-2014/statements-\(10\)/](http://papersmart.unmeetings.org/en/secretariat/unoda/npt/third-session-of-the-preparatory-committee-2014/statements-(10)/)**

**Ahead of the Review Conference next year, the UK will continue to engage with key international partners to attempt to build support for a successful outcome in 2015.**

*The Comprehensive Nuclear Test Ban Treaty (CTBT)*

100. The Committees again recommend that the Government states in its Response what specific steps it is taking with each of the remaining 8 countries whose signature and ratification is necessary to enable the Comprehensive Nuclear Test Ban Treaty to enter into force—namely China, Egypt, India, Iran, Israel, North Korea, Pakistan and the USA—to try to persuade them to ratify the CTBT. (See paragraph 315 of Volume II of this Report.)

**The Government strongly supports the Comprehensive Nuclear Test Ban Treaty (CTBT), and wants to achieve its entry into force. Over the past year the UK has led or joined in numerous calls for the eight remaining Annex II States to sign and/or ratify the Treaty, including as chair of the G8 Non Proliferation Directors Group, at the Article XIV Conference on Facilitating the Entry into Force of the CTBT in September 2013, and at UNGA First Committee in October 2013. The UK has also raised the issue in bilateral meetings with China, Egypt, Israel, Pakistan and the US. In February 2014, the Rt Hon Sir Hugh Robertson MP, then Minister of State for Foreign and Commonwealth Affairs, and Dr Lassina Zerbo, Executive Secretary of the CTBT Organisation's Preparatory Commission, discussed options for promoting universalisation and entry into force, during the latter's UK Government-hosted visit to London.**

*Sub-strategic and tactical nuclear weapons*

101. The Committees recommend that the Government states in its Response whether:

- a) it remains both the Government's and NATO's policy "that [NATO] Allies would consider further reducing NATO's requirement for tactical nuclear weapons in the context of reciprocal steps by Russia, taking into account Russia's larger stockpile.";

**The Government can confirm that both its and NATO's policy remains that NATO Allies would consider further reducing NATO's requirement for so-called 'tactical nuclear weapons' in the context of reciprocal steps by Russia, taking into account Russia's larger stockpile. Since 1991, in the context of its adaptation to the improved security environment and in keeping with the Alliance's stated principle of keeping its forces at the minimum sufficient level, NATO has reduced the types and numbers of 'sub-strategic' nuclear forces assigned to it by over 85 percent.**

**The Government encourages all States with nuclear weapons to continue their efforts to reduce the size of their nuclear arsenals, recognising the particular responsibility of those with the largest numbers.**

- b) it remains the Government's policy that it would be supportive of the eventual elimination of tactical nuclear weapons, including those held by the US and Russia in Europe, provided that this is achieved in a manner that does not risk compromising the security of the UK and its Allies;

**The Government remains committed to the long-term objective of a world without nuclear weapons and can therefore confirm that it would be supportive of the eventual elimination of tactical nuclear weapons, including those held by the US and Russia in Europe, provided that this is achieved in a manner that does not risk compromising the security of the UK and its Allies.**

**The Government is concerned by US reports that Russia has breached its obligations under the Intermediate-Range Nuclear Forces (INF) Treaty. Any breach of the INF Treaty has the potential to damage the stability and confidence that has been established under this and other such treaties. We are keen to see a restoration of the trust, compliance and transparency that forms the basis of successful security treaties. We remain determined to continue to work with partners across the international community to control proliferation and to make progress on multilateral nuclear disarmament, to build trust and confidence between nuclear and non-nuclear weapon States, and to take tangible steps toward a safer and more stable world in which countries with nuclear weapons feel able to relinquish them.**

- c) it remains the Government's view that it is appropriate that the US embark upon the B-61 Life Extension programme to maintain NATO's appropriate nuclear force posture and to ensure the safety, security and effectiveness of NATO's arsenal; and

**The Government can confirm that its view remains that it is appropriate that the US embark upon the B-61 Life Extension programme to maintain NATO's appropriate nuclear force posture and to ensure the safety, security and effectiveness of weapons assigned to NATO.**

**As a senior US official has stated in recent evidence to the House Armed Services Committee, the modernisation of these weapons 'would set the stage for a reduction in the total numbers of weapons in the [US] stockpile' as a part of a new approach to include a more reliable, but reduced nuclear stockpile. The presence of these weapons within the Alliance provides security confidence to NATO non-nuclear weapon States, negates the need for those States to consider obtaining their own nuclear weapons, and thereby helps sustain regional stability. These (and other nuclear weapons assigned to NATO) provide an important element of that assurance to NATO Allies and demonstrate an overall commitment to the role of nuclear weapons as stated in both the 2010 NATO Strategic Concept and the 2012 NATO Deterrence and Defence Posture Review.**

- d) it is the Government's policy that dialogue with the Russian Government on sub-strategic and tactical nuclear weapons should continue, notwithstanding events in Ukraine. (See paragraph 318 of Volume II of this Report.)

**Russia unilaterally withdrew from discussions on nuclear issues with NATO Allies in the NATO-Russia Council in late 2013. More recently, as a result of Russia's actions in Ukraine, all practical civilian and military cooperation between NATO and Russia has been suspended. Political dialogue in the NATO-Russia Council can continue at Ambassadorial level and above.**

**The Government intends to continue to work with Russia as part of the P5 process – under UK chairmanship in the coming year - to seek further progress against NPT commitments and other nuclear issues.**

*A Middle East Weapons of Mass Destruction Free Zone*

102. The Committees conclude that the failure to hold a regional conference on the establishment of a Middle East Weapons of Mass Destruction Free Zone in 2013, as the Government had hoped, was most disappointing. (See paragraph 322 of Volume II of this Report.)

**The Government notes the Committees' conclusion.**

103. The Committees recommend that the Government in its Response states the latest position on the holding of such a Conference, and on the willingness of Iran and Israel to attend. (See paragraph 323 of Volume II of this Report.)

**The Government is committed to convening a Conference on a Middle East WMD Free Zone as soon as regional States agree on arrangements to allow that to happen, and preferably by the end of 2014. We continue to work closely with the Facilitator, fellow co-convenors and regional States in pursuit of this objective, and have been encouraged by a series of informal consultations that have taken place between regional States in Switzerland since October 2013. We hope that those consultations will lead to a successful Conference involving all regional States. The UK is also continuing to provide financial support to the Facilitator and his team.**

**As we have noted previously, Iran has indicated it would be willing to attend the Conference under certain circumstances. The UK would support Iran's participation in the Conference, although our current priority is on reaching a comprehensive agreement with Iran on its nuclear programme that addresses international concerns. Israel has publicly stated that it has yet to make a decision on whether it would attend any Conference, although we welcome their engagement on this issue to date. We will continue to encourage regional States to agree arrangements for a Conference that all would find acceptable.**

*The National Counter-Proliferation Strategy*

104. The Committees conclude that they do not agree with the Government's Response in Cm8707 that there was not a need for amendments or update to the Government's National Counter-Proliferation Strategy for 2012–15 published in 2012. (See paragraph 326 of Volume II of this Report.)

**The Government refers the Committees to its answer to Recommendation 6.**

105. The Committees further conclude that the key Government policy area of Counter-Proliferation is in constant change and recommends that the Government makes a full report on its National Counter-Proliferation Strategy annually. (See paragraph 327 of Volume II of this Report.)

**The Government refers the Committees to its answer to Recommendation 6.**

*Arms export control policies*

*Arms exports and human rights*

106. The Committees continue to conclude that, whilst the promotion of arms exports and the upholding of human rights are both legitimate Government policies, the Government would do well to acknowledge that there is an inherent conflict between strongly promoting arms exports to authoritarian regimes whilst strongly criticising their lack of human rights at the same time rather than claiming, as the Government continues to do, that these two policies “are mutually reinforcing”. (See paragraph 330 of Volume II of this Report.)

**The Government notes the Committees’ conclusion and refers to its previous responses, most recently in Cm 8707 which was its reply to the Committees’ previous Annual Report (HC 186). These responses can be found on pages Ev144-145 of the Committees’ current report.**

107. The Committees recommend that the Government states in its Response whether it will report to the Committees all breaches of its human rights policies and its international human rights commitments with the use of British Government approved exports of controlled goods, software, technology and components as and when any such breaches occur. (See paragraph 331 of Volume II of this Report.)

**The Government does not accept the Committees’ recommendation. The Government is active in informing the Committees directly of significant relevant policy developments and is committed to continuing to do so. However, the FCO already publishes an Annual Human Rights and Democracy Report and this Report sets out the Government’s position on human rights around the world.**

*Overseas Security and Justice Assistance (OSJA) Human Rights Guidance*

108. The Committees conclude that the Government’s acceptance of their recommendation that the requirement on officials in the previous Overseas Security and Justice Assistance (OSJA) Human Rights Guidance merely to consult the Consolidated Arms Export Licensing Criteria if military and security equipment is being exported in an OSJA programme should be replaced by a requirement to adhere strictly to the licensing criteria and procedures is welcome. (See paragraph 334 of Volume II of this Report.)

**The Government welcomes the Committees' endorsement. All exports of controlled goods, even within the scope of a programme which has been Overseas Security and Justice Assistance (OSJA)-assessed, are subject to normal export licensing procedures.**

109. The Committees recommend that the Government keeps the implementation of the revised OSJA Human Rights Guidance under close scrutiny and reports to the Committees any uses of goods exported from the UK in an OSJA programme in breach of UK or international human rights policies. (See paragraph 336 of Volume II of this Report.)

**The Government undertakes to keep the implementation of OSJA guidance under review and to revise and enhance it as and when necessary. Given that equipment exported as part of an OSJA-assessed programme is subject to normal export licensing procedures, the Government does not see a need for a reporting mechanism over and above the extensive reporting to the Committees already in place.**

#### *Surveillance technology and equipment*

110. The Committees recommend that the Government states in its Response:

- a) whether it is the Government's policy that EU Council Regulations 36/2012 and 264/2012 prohibiting the supply to Syria and Iran of certain specified equipment and software for "monitoring or interception of internet or telephone communications" should be extended to other countries, and, if so, to which other countries;

**It is not Government policy that these measures should be extended to other States.**

- b) whether the EU has now agreed to incorporate fully into the EU Dual-Use Regulation the new controls over the export of mobile phone intercept and monitoring equipment agreed at the Wassenaar Arrangement meeting in December 2011, and, if not, what steps the Government is taking to have this incorporation implemented by the EU at the earliest possible date;

**The controls over the export of mobile phone intercept and monitoring equipment agreed at the WA meeting in December 2011 will be implemented through the forthcoming amendment to Annex I of the EU Dual-Use Regulation, which we expect to be complete by the end of 2014.**

- c) what are the specific new controls and what are the specific technologies of concern agreed by the states participating in the Wassenaar Arrangement at their meeting in

December 2013 referred to by the Foreign Secretary in his Oral Evidence of 8 January 2014;

**The controls agreed by the WA at its Plenary Meeting in December 2013 cover tools (equipment and software) for creating, delivering and controlling “intrusion software,” and tools for “extracting message content and metadata from a carrier class Internet Protocol network and using that data to map the relational networks of individuals or groups.”**

- d) whether the EU has now agreed to incorporate fully into the EU Dual-Use Regulation the new controls over the export of the specific surveillance technologies and equipment of concern agreed at the Wassenaar Arrangement meeting in December 2013, and, if not, what steps the Government is taking to have this incorporation implemented by the EU at the earliest possible date; and

**These controls will be implemented through the forthcoming amendment to Annex I of the EU Dual-Use Regulation, which we expect to be complete by the end of the 2014.**

- e) whether the Government will make subject to UK export controls those items of surveillance technology and equipment agreed at the Wassenaar Arrangement meetings in December 2011 and December 2013 if not yet incorporated into the EU Dual-Use Regulation. (See paragraph 346 of Volume II of this Report.)

**The Government has no plans to introduce national controls on these items pending the implementation of EU-wide controls through the EU Dual-Use Regulation.**

#### *Cryptographic equipment, software, technology and components*

111. The Committees conclude that the scale of the Government’s approval of export licences for cryptographic equipment, software, technology and components both to the Government’s principal Countries of Human Rights concern and to the Committees on Arms Export Controls’ additional countries of concern is a matter of considerable disquiet, particularly given the fact that each and every one of the items involved by virtue of being subject to export licensing has an actual or possible military use. (See paragraph 353 of Volume II of this Report.)

**The Government does not accept the Committees’ conclusion. These products are subject to control because they have an “information security” (encryption) capability. This capability has become very widespread in recent years and is now a standard feature of a wide range of consumer, commercial and industrial devices. Many of these devices are of no strategic importance, and their use does not raise concerns regarding human rights. A significant proportion of**

**the licences granted for cryptographic equipment, software and technology relate to these devices.**

112. The Committees recommend that the Government states in its Response whether Ministers themselves will give greater scrutiny to export licence applications for cryptographic equipment, software, technology and components to the Government's principal Countries of Human Rights concern and to the Committees' additional countries of concern. (See paragraph 354 of Volume II of this Report.)

**Each application for cryptographic equipment (or a variant thereof) is assessed on a case-by-case basis. The majority of applications are for commercial equipment for commercial end-use. Applications are assessed against the Consolidated Criteria. A licence is not granted if there is a clear risk that the items might be used for internal repression or diverted to other uses contrary to the Consolidated Criteria.**

#### *Sniper rifles*

113. The Committees recommend that, given the utility of sniper rifles for internal repression, particularly in situations of conflict or potential conflict, the Government should give closer scrutiny to export licence applications for sniper rifles to countries where human rights abuses are prevalent or are likely to increase. (See paragraph 359 of Volume II of this Report.)

**The Government will continue to assess export licence applications for sniper rifles rigorously in accordance with the Consolidated Criteria, in particular Criterion 2. Licences are assessed on a case-by-case basis taking into account the prevailing circumstances at the time of the application. These considerations will include the end-user, intended end-use, characteristics and capabilities of the equipment, the use of the equipment during previous human rights abuses, and the situation within the recipient country.**

#### *Tasers*

114. The Committees conclude that the Government's confirmation that it will continue to report on breaches of export controls, and on enforcement action taken, including in relation to Tasers, in the UK Strategic Export Annual Report, and that this reporting will include details relating to prosecutions, confiscation proceedings, seizures, disruptions and compound penalties is welcome. (See paragraph 362 of Volume II of this Report.)

**The Government notes the Committees' conclusion.**

#### *Unmanned Aerial Vehicles (UAVs) "Drones"*

115. The Committees recommend that the Government states in its Response:

- a) the circumstances, if any, in which it considers the giving of Government export licence approval to the export of weaponised, as opposed to surveillance, UAVs, their software, technology or components would be compatible with the Government's national and international human rights undertakings and with international law; and

**Unmanned Aerial Vehicles (UAVs), their technology and components, are controlled for export by both the MTCR and the WA. Export licences for all UAVs are approved in accordance with the Consolidated Criteria, which include an explicit requirement to comply with the UK's international commitments (Criterion 1) and to consider human rights and fundamental freedoms in the country of final destination (Criterion 2). The Government always acts in accordance with international humanitarian law and international standards.**

- b) the end-use undertakings it would seek from recipients of UK exports of weaponised UAVs, their software, technology or components before giving Government export licence approval. (See paragraph 369 of Volume II of this Report.)

**The ECO would seek the same end-user undertakings that are required for any such proposed export of controlled goods within the established export licence application process.**

#### *Arms exports to counter piracy*

116. The Committees conclude that it is a matter of much concern that both Ministers and their officials in the Business Department appeared to have been unaware of the volume of weapons for which the Department had given export licence approval to Private Marine Security Companies for counter-piracy purposes – 34,377 assault rifles, 5,100 shotguns, 28 machine guns, 2,976 pistols, 12,816 rifles, 1,401 sniper rifles, and 5,294 sporting guns in the period April 2012 to September 2013 alone – until this was brought to their attention by the Committees in the Oral Evidence session on 18 December 2013, notwithstanding the fact that all the information referred to by the Committees came from the Business Department's own quarterly arms export licence reports. (See paragraph 383 of Volume II of this Report.)

**The Department was aware of the volumes of weapons licensed for use by Private Maritime Security Companies (PMSCs) and agreed to review licensing arrangements.**

117. The Committees conclude that it is also a matter of much concern that the Business Department in the two-year period 2012 and 2013 gave licence approval to Private Marine Security Companies to export automatic weapons and small arms for counter-piracy purposes vastly in excess of the number actually needed and shipped – 181,708 individual items approved for export but only 3,273 (1.8%) actually shipped comprising 2,332 assault rifles; 83 combat shotguns; 6 machine guns; 63 pistols; 623 rifles; and 166 sporting guns. (See paragraph 384 of Volume II of this Report.)

The Government acknowledges that having licences for the potential export of quantities of weapons far in excess of the numbers exported is not satisfactory. That is why the Government announced that it was putting new licensing arrangements in place for these exports. These arrangements will limit the number of weapons than can potentially be exported under the licence. The number of weapons shipped over the two year period is proportionate to the number of companies operating in this field and there is no evidence of diversion to undesirable end-users or end-use.

118. The Committees recommend that the Government states in its Response:

a) whether the Business Secretary's change of policy to put new licensing arrangements in place to closely align the volumes licensed and actual exported volumes has been put into effect and, if not, the date by which it will be;

**The new arrangements are not yet fully in place. The transition to new arrangements should be concluded by the end of this year.**

b) that it will inform the Committees when the revised version of the Open General Trade Control (Marine Anti-Piracy) licence has been put in place;

**The Government will write to the Chairman of the Committees to advise him when the revised version of the licence has been put in place.**

c) whether the vessel *MV Mahanuwara* operated by Avant Garde Maritime Services of Sri Lanka and under the authorisation and protection of the Sri Lankan Ministry of Defence is still being used as an armoury for weapons for counter-piracy exported with Government approval from the UK;

**This armoury is still being used.**

d) what other vessels, and under what flags, are currently being used as armouries for weapons for counter-piracy exported with Government approval from the UK;

**Here is a list of the vessels and their flag States as at 18 September 2014:**

<u>Name of Vessel</u>	<u>Flag State</u>
MV HADI XII (IMO 8107713)	Bahrain
MV Milad (IMO 7624635)	Comoros
M/V Aladdin (IMO 6524230)	Djibouti
M/V SUUNTA - IMO 7392854	Djibouti
MV DYNAMIC KARIM	Djibouti
MV Star Global – IMO 7319242	Djibouti
MV SULTAN (IMO 7636339)	Djibouti
MV SIS Service	Liberia
AM230	Mongolia
MV Alphonsa (IMO 8413174)	Mongolia

MV Samaritan (IMO 8206105)	Mongolia
MV Sinbad (IMO 7932006)	Mongolia
MV Theresa (IMO 833506)	Mongolia
OW267	Mongolia
Seapol One – (IMO 8912572)	Mongolia
MV Antartic Dream - [IMO 5278432]	Mongolian
MV Navis Star (IMO 7353432)	Panama
MV Arina Dilber (IMO 8107713)	Panama
MV Defiant (IMO 5427784)	Sierra Leone
MV Sea Lion (IMO 7115567)	Sierra Leone
MV Avant Garde - (IMO 8107036)	Sri Lanka
MV Mahanuwara (IMO 7412018)	Sri Lanka
MV MNG RESOLUTION (IMO 8413174)	St Kitts and Nevis
MV Northern Queen - IMO 7709253	St Kitts and Nevis
MV Sea Patrol - IMO 4908729	St Kitts and Nevis
MV SAMRIYAH (IMO 7911777)	St Vincent & Grenadines
Abdullah –(IMO 8112823)	UAE
Al Nader (IMO 7027502)	UAE
MV Deena (IMO 7313432)	UAE
MV Soha Folk (IMO 8003175)	UAE
MV Southern Star (IMO 8627000)	Vanuatu

e) whether the Government remains satisfied that none of the weapons it has approved for export for counter-piracy purposes has been diverted for other purposes;

**There is no evidence of diversion. All the UK security companies involved in anti-piracy activities are subject to a code of conduct and rigorous pre-licensing checks. Holders of the Open General Trade Control Licence (Maritime Anti-Piracy) are also subject to post-licensing audits.**

f) whether it has any evidence that any of the weapons the Government has approved for export for counter-piracy purposes have been used to facilitate internal repression in Sri Lanka or in any other authoritarian country;

**There is no evidence of diversion. All the UK security companies involved in anti-piracy activities are subject to a code of conduct and rigorous pre-licensing checks. Holders of the Open General Trade Control Licence (Maritime Anti-Piracy) are also subject to post-licensing audits.**

g) how many security companies currently registered to use Open General Export Licences for the export of weapons for counter-piracy from the UK are also UK registered companies, in what other countries and territories are the non-UK registered companies domiciled, and

whether the Government have any plans to terminate the OGEL registration of some of the companies as the piracy threat diminishes; and

**The list of companies registered to use these licences was most recently published on 1 July 2014 and can be found here:**

**<https://www.gov.uk/government/publications/open-general-trade-control-licence-maritime-anti-piracy-list-of-registered-companies>**

**The list shows 87 companies. As noted on the licence, these comprise “a UK Private Security Company carrying out your business activities in the UK or a Private Security Company which is run by UK persons.” There are currently no plans to terminate registration.**

h) what prohibitions the Government has put in place, if any, to prevent Private Marine Security Companies who have been given Government export licence approval to export weapons for counter-piracy purposes from the UK subsequently transferring or on-selling from outside the UK’s jurisdiction some or all of such weapons to third parties. (See paragraph 385 of Volume II of this Report.)

**Under the terms of the OGTCL (Maritime Anti-Piracy), holders of that licence are required to abide by the terms and conditions of the licence. Section 2 of the licence reads:**

- i. controlled goods transferred under this licence must be transferred aboard vessels that are registered to a Flag State;***
- ii. controlled goods being transferred under this licence must only be used by your personnel and are only to be used while the goods are being transferred;***
- iii. controlled goods transferred under this licence must not be made available for use on either a temporary or permanent basis, to any other person or entity;***
- iv. at all times, controlled goods must remain in the possession of:***
  - a. your personnel; or***
  - b. an approved in-country representative; or***
  - c. an approved armoury; or***
  - d. a designated national security organisation;***
- v. whether in use, in transit or in storage, controlled goods must be protected against unauthorised re-transfers, loss, theft or diversion;***

#### *The licensing of security services*

119. The Committees recommend that the Government states in its Response

a) how many UK-registered Private Marine Security Companies are now members of the International Code of Conduct Association and the names of those companies; and

As of 19 August 2014, 48 UK-headquartered private security companies (PSCs) are listed as transitional members of the International Code of Conduct Association, pending full membership procedures. They are:

<u>Company Name</u>	<u>Type of Service</u>
"Mitigate"	Land based
AEGIS	Both
Asset Maritime Security Services	Maritime
Black Pearl Maritime Security	Maritime
Britam Defense Ltd	Both
Citadel Maritime	Maritime
Control Risks	Both
DrumCussac	Both
Edinburgh International	Land based
Endeavour Maritime	Maritime
Eos Risk Management	Both
Frontier Horizons	Land based
G4S Risk Management Limited	Land based
Global Strategies Group	Land based
Graspan Frankton Ltd	Both
Group EHC	Both
Guardian Global Resources	Both
Hawki Worldwide Ltd	Land based
HSS Risk Management Ltd	Both
International Security	Both
LPD Risk Management Ltd	Land based
Maritime Defence Force	Maritime
Milne Management Security Services and Milne Maritime Security Solutions	Both
MS Risk Ltd	Maritime
Olive Group	Land based
Optimal Risk Management Ltd	Both
Orcas Security Management Ltd	Maritime
Page Protective Services Ltd	Land based
Pangolin Group	Not specified
Pilgrims Group Ltd	Land based
Plexus Consultancy Ltd	Both
Principal Risk Solutions Ltd	Land based
Professional Global Services Group Ltd	Both
Protection Vessels International Ltd	Maritime
REE Training	Maritime
Saladin	Both
Salamanca Risk Management Limited	Both
Securewest International	Maritime
Ship Security International Ltd	Maritime

<b>Solace Global</b>	<b>Both</b>
<b>SOMSEC Ltd</b>	<b>Land based</b>
<b>Spartent Global Solutions</b>	<b>Both</b>
<b>Special Projects and Services Ltd</b>	<b>Both</b>
<b>Stent International Ltd</b>	<b>Both</b>
<b>Strategic Protection Ltd</b>	<b>Both</b>
<b>United SPS Ltd</b>	<b>Maritime</b>
<b>Veritas International</b>	<b>Both</b>
<b>ZA Defence Ltd</b>	<b>Land based</b>

b) whether it remains the Government's position that it has no plans to extend legislation, other than the requirement for export or trade control licences, to UK-based Private Military and Security Companies. (See paragraph 389 of Volume II of this Report.)

**The Government has no plans to extend legislation, other than the requirement for export or trade control licences, to UK-based PSCs operating in complex environments. With our partners in industry, other governments and civil society, we are still in the process of establishing the system by which we intend to raise standards among PSCs using accredited certification and oversight by the International Code of Conduct Association. We will need to test and review this approach over time before considering any alternative method of regulation.**

#### *Arms exports and internal repression*

120. The Committees conclude that the evidence of the Business Secretary, Vince Cable, that: "Licence applications have always been assessed against the eight Criteria and not against general statements contained in the introductory text" is in direct contradiction with the evidence of the former Foreign Office Minister, Peter Hain, who when asked if there had been a change of policy by the present Government, answered: "In the statement issued by the Business Secretary last month, yes, it has. It has been relaxed in the sense that the broader test that I applied no longer exists. [...] then there is a repeat of the second test, as it were, the narrow test, which is welcome, but the broader test has been dropped. So I do think the policy has changed. It is a more relaxed approach to arms exports." He subsequently added: "By omitting the broader test of concern, we have relaxed the policy". (See paragraph 400 of Volume II of this Report.)

121. The Committees further conclude that, contrary to the Government's claim when the Business Secretary announced the revised Criteria for the Government's approval or refusal of arms exports that: "None of these amendments should be taken to mean that there has been any substantive change in policy.", the omission of the wording in the previous Consolidated Criteria that: "An export licence will not be issued if the arguments for doing so are outweighed by [...] concern that the goods might be used for internal repression" does constitute a substantive change of policy. (See paragraph 401 of Volume II of this Report.)

122. The Committees further conclude that the Government's welcome decision to use the broad test of "equipment which might be used for internal repression" rather than the narrow test of a "clear risk that the proposed export might be used for internal repression" when exercising its power to suspend arms export licences as stated in the Foreign Secretary's letter to the Chairman of the Committees on 6 January 2014 makes it even more anomalous and regrettable that the Government has omitted the broad test from its revised Criteria for arms exports. (See paragraph 402 of Volume II of this Report.)

**The Government does not accept the Committees' conclusions. As stated on a number of occasions by both the Foreign Secretary and the Business Secretary, the policy that has always been applied is that set out in Criterion 2 itself, namely: "[the Government will] not issue an export licence if there is a clear risk that the proposed export might be used for internal repression." There has been no change to that policy, and no weakening of our export controls.**

In respect of the suspension of export licences for Egypt, the Foreign Secretary's letter of the 6 January 2014 made clear that the action taken was a departure from standard practice:

*"In two important respects Egypt was a special case... Secondly, we applied suspension to 'equipment which might be used for internal repression.' This is, of course, a lower risk threshold than Criterion 2 of the Consolidated Criteria, where the test is a 'clear risk that the equipment might be used for internal repression.' These specific steps were the result of conclusions reached jointly with our EU Partners on 21 August [2013]."*

Therefore there is no "anomaly" between the way we apply the Criteria in general and the specific action taken in respect of Egypt.

123. As the broad test that: "An export licence will not be issued if the arguments for doing so are outweighed by [...] concern that the goods might be used for internal repression", which has been Government policy since October 2000, provides an important safeguard against military and dual-use goods, components, software and technology being exported from the UK from being used for internal repression, the Committees recommend that this now omitted wording is re-introduced into the Government's arms exports controls policy. (See paragraph 403 of Volume II of this Report.)

**The Government does not accept the Committees' recommendation. We will continue to apply the test as set out in Criterion 2, i.e. "clear risk."**

#### *The Government's Arab Spring arms export policy review*

124. The Committees recommend that the Government states in its Response whether it has any additions or amendments to make to its previous statements on the outcome of its Arab Spring arms export policy review. (See paragraph 408 of Volume II of this Report.)

The Government continues to apply the lessons learned in the Review of Arms Export Policy. The suspension mechanism has demonstrated its value by enabling the Government to respond to events in Egypt in 2013 and in Russia and Ukraine in 2014. It allows the Government to act quickly, proportionately and flexibly to suspend extant export licences or halt the processing of new export licence applications while countries are in crisis or experiencing a sharp deterioration in security or stability, and in circumstances where it is not possible to make proper assessments against the Consolidated Criteria. Every case and each response is different, and all decisions are kept under regular review, enabling the Government to adjust its policy for a specific country according to the prevailing circumstances.

The UK implemented the decision of the EU Foreign Affairs Council (FAC) on 21 August 2013 to suspend all export licences for Egypt for items which might be used in internal repression. We initially took a precautionary approach and suspended 48 extant export licences. We then reviewed all export licences for Egypt and released 31 from suspension. Several licences which were suspended had expired so no action was required on them. The suspended licences cover a range of equipment including spares for helicopters and components for firearms.

On 20 February 2014, the EU FAC agreed to suspend, until further notice, all export licensing to Ukraine for equipment which might be used for internal repression. We then suspended all extant licences for goods that *might* be used for internal repression in accordance with that decision. As a result, we suspended licences for sniper rifles, silencers for civilian use and body armour for the Ukrainian Security Forces. This action was taken in response to the indiscriminate killing of protesters from 18-20 February by Ukrainian Security Forces under the control of then-President Yanukovich and his Government. On 22 July 2014, the EU FAC unanimously agreed to lift the suspension. The Government implemented this decision.

On 18 March 2014, the Government decided to suspend export licensing and extant licences for exports of military and dual-use items destined for units of the Russian armed forces or other state agencies which could be or are being deployed against Ukraine; and to suspend licences for exports to third countries for incorporation into equipment for export to Russia where there is a clear risk that the end product will be used against Ukraine.

While outside the period covered by the Report, it is worth noting that, on 12 August 2014, the Government announced the findings of a review of licensed exports to Israel which identified twelve licences for components which could be part of equipment used by the Israel Defence Forces in Gaza. The Government made clear that, in the event of a resumption of significant hostilities, it would suspend these licences as a precautionary step.

*Arms export licence revocations*

125. The Committees recommend that the Government states in its Response:

- a) the standard wording it uses to the exporters of controlled goods regarding its right to revoke export licences for controlled goods that it has approved;

**For SIELs/SITCLs there is a standard template that is amended to suit individual circumstances. The template wording is:**

***“...the Secretary of State has revoked this export licence for the goods on the copy of the enclosed licence, under article 32(1) of the Export Control Order 2008 (as amended), which empowers the Secretary of State to vary or revoke export licences at any time.***

***After further careful and detailed consideration, we assess that this export [add reason for revocation] is contrary to Criterion [ ] of the EU & National Arms Export Licensing Criteria”.***

**For OGELs it is along the lines of “The Secretary of State has the power to vary or withdraw export licences at any time” and;**

**For OITCLs/OIELs - “... the Secretary of State has revoked this export licence for the goods on the copy of the enclosed licence, under article 32(1) of the Export Control Order 2008 (as amended), which empowers the Secretary of State to vary or revoke export licences at any time.**

***After further careful and detailed consideration, we assess that this export [add reason for revocation] is contrary to Criterion [ ] of the EU & National Arms Export Licensing Criteria.”***

- b) the grounds on which the Government has the right to revoke export licences for controlled goods that it has approved;

**Article 32(1) of the Export Control Order 2008 provides that:**

***“The Secretary of State may by notice—***

***(a) amend, suspend or revoke a licence granted by the Secretary of State;***

***(b) suspend or revoke a general licence granted by the Secretary of State as it applies to a particular licence user.”***

**In accordance with Article 33 of the 2008 Order, the licence holder must be given written notification of the revocation which explains the reasons for that decision. The licence holder has 28 days to appeal against that decision. The 2008 Order does not specify the grounds on which a licence may be revoked. In practice the reasons include:**

- (i) As a result of the imposition of EU or UN sanctions;**
- (ii) Where there has been a change in Government policy in respect of the export of certain goods, or the export of specified goods to a certain destination, and the proposed export is no longer consistent with the revised policy;**
- (iii) Where there has been a change in circumstances in the destination country or region such that the proposed export is no longer consistent with the Consolidated Criteria or with other relevant, announced, policies;**
- (iv) Where new information has come to light about a particular export which indicates that the proposed export is no longer consistent with the Consolidated Criteria or with other relevant, announced, policies;**
- (v) Where an exporter has failed to comply with the terms and conditions of the licence, or as a result of enforcement action by HMRC/UKBA;**
- (vi) For administrative reasons, such as a company ceasing to trade and therefore no longer being able to use the licence, or where the exporter requests an amendment to a licence and revoking and re-issuing it is simpler than making an amendment.**

c) the means by which the Government protects itself from financial liabilities if it exercises its right to revoke export licences for controlled goods that it has approved; and

**In order to protect itself from financial claims, the Government must be able to show that it has acted in accordance with the general principles of good decision-making and that:**

- (i) Where the revocation is for policy reasons the decision is clearly in accordance with announced policy;**
- (ii) The action is procedurally fair, and that licence holders have been properly notified and given the opportunity to appeal; and**
- (iii) In all cases revocation must be a reasonable and proportionate step to take in the circumstances.**

d) what specific steps have been taken to deal with the errors, rightly described as “unacceptable” by the Business Secretary in his letter to the Committees’ Chairman of 30 June 2014, whereby extant licences are being described in the Government’s Quarterly arms export Report as having been revoked when they have not been, and by what date these errors will have been eliminated for the future”. (See paragraph 417 of Volume II of this Report.)

**The problem identified with the automated process within the ECO’s online export licensing system (SPIRE), which led to the licences being incorrectly reported in the Pivot Report as revoked, is currently being investigated and we expect this to be resolved by the end of the year.**

### *Arms export licence suspensions*

126. The Committees conclude that the Government's decision to apply the broad test of "equipment which might be used for internal repression" rather than the narrow test of "clear risk that the proposed export might be used for internal repression" for deciding whether arms export licences should be suspended is welcome. The Committees further conclude that the Government's decision to apply its suspension mechanism not just to arms export licences applications that are under consideration but also to those that have been approved and are extant is also welcome. (See paragraph 427 of Volume II of this Report.)

**As pointed out in response to paragraphs 120 to 122 of the Committees' Report above, the "broader" test of "might be used for internal repression" was applied to licence suspensions for Egypt as a special case following the agreement of EU Member States on 21 August 2013 to apply this specific test. EU Member States also agreed to apply this test, as a special case, in respect of export licences for Ukraine on 20 February 2014. In all other cases we will apply the usual test of "clear risk" set out in Criterion 2.**

127. The Committees recommend that the Government states in its Response:

- a) the standard wording it uses to the exporters of controlled goods regarding its right to suspend export licences for controlled goods that it has approved;

**There is no standard wording. When informing a licence holder that their licence has been suspended the notice will set out the grounds on which the licence has been suspended and the reason for the suspension.**

- b) the grounds on which the Government has the right to suspend export licences for controlled goods that it has approved; and

**As noted in response to paragraph 125 above, the power to suspend licences is set out in the Export Control Order 2008, but the Order does not set out the grounds on which suspension may occur. In general, we will suspend licences as a short term measure in situations where rapidly changing circumstances on the ground mean it is unclear whether the proposed export is still consistent with the Consolidated Criteria, or as a result of collective agreement of EU Member States to suspend licences in specific circumstances. We may also suspend Open Individual licences, or a specific exporter's right to use an Open General licence, where the licence holder has been found to be non-compliant with the terms and conditions of the licence. In this case, the licence holder will be given a specific period of time in which to take corrective action, at which point the suspension may be lifted or the licence, or licence holder's right to use the licence, may be revoked.**

- c) the means by which the Government protects itself from financial liabilities if it exercises its right to suspend export licences for controlled goods that it has approved. (See paragraph 428 of Volume II of this Report.)

**In order to protect itself from financial claims, the Government must be able to show that it has acted in accordance with the general principles of good decision making and that:**

- (i) Where the suspension is for policy reasons, the decision is clearly in accordance with announced policy;**
- (ii) The action is procedurally fair, and that licence holders have been properly notified and given the opportunity to appeal; and**
- (iii) In all cases, suspension must be a reasonable and proportionate step to take in the circumstances.**

#### *Exports of gifted equipment*

128. The Committees recommend that the Government states in its Response whether it will assess all proposals to gift controlled goods not only against its Criteria for Arms Exports announced on 25 March 2014, but also against the “lower threshold” Criterion which the Government is using to suspend licences for arms exports, namely “equipment which might be used for internal repression” as stated in the Foreign Secretary’s letter to the Chairman of the Committees of 6 January 2014. (See paragraph 433 of Volume II of this Report)

**The Government would like to reassure the Committees that all proposals to gift export controlled goods and technology are assessed against the Consolidated Criteria. This is the all-encompassing set of Criteria which is used by Government in the assessment of exports, regardless of whether they are in relation to the pursuance of an export licence by industry, or by Government when proposing to gift controlled goods to foreign entities.**

**As set out in the Foreign Secretary’s letter of 6 January 2014, Criterion 2 of the Consolidated Criteria deals with human rights and internal repression. This states that, having assessed the recipient country’s attitude towards relevant principles established by international human rights instruments, the Government will not issue an export licence if there is a clear risk that the proposed export might be used for internal repression. This applies equally to the assessment of a proposed gift of controlled goods.**

129. The Committees further recommend that the Departmental Minutes relating to gifts that require Parliamentary approval state in respect of each item to be gifted which are on the Government’s export controls Military List or Dual-Use List and which are not. (See paragraph 434 of Volume II of this Report)

**The Committees will be aware that Departmental Minutes which relate to gifts that require Parliamentary approval do not currently set out whether the**

**particular item/s to be gifted are on the Government's export controls Military or Dual-Use Lists. However, we will review this recommendation.**

*Arms exports to Countries of concern*

*Extant arms export licences to the Foreign and Commonwealth Office's (FCO) Countries of Human Rights concern worldwide, and to the Additional Countries of concern to the Committees*

130. The Committees recommend that the Government states in its Response whether it is satisfied that each of the 3,375 extant arms export licences to the Foreign and Commonwealth Office's 28 Countries of Human Rights concern, valued at £11.9 billion, and each of the 421 extant arms export licences to the Committees' Additional 5 countries of concern, valued at £166 million, are currently compliant with all of the Government's Arms Export Licensing Criteria with particular reference to:

- a) Criterion One (Respect for the UK's international obligations and commitments, in particular sanctions adopted by the UN Security Council or the European Union, agreements on non-proliferation and other subjects, as well as other international obligations);
- b) Criterion Two (The respect for human rights and fundamental freedoms in the country of final destination as well as respect by that country for international humanitarian law);
- c) Criterion Three (The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts);
- d) Criterion Four (Preservation of regional peace, security and stability); and
- e) Criterion Six (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). (See paragraph 443 of Volume II of this Report.)

**The FCO examines every application on a case-by-case basis against the Consolidated Criteria. We draw on all available information, including NGO reports and our overseas network.**

**We do approve export applications for equipment to countries which feature as countries of concern in the FCO's Annual Human Rights and Democracy Report, not least because many licensable goods have perfectly legitimate civilian uses. However, commercial relationships do not, and will not, prevent the Government from speaking frankly and openly to the governments of these countries about issues of concern, including human rights.**

**The Government has confidence in the UK's thorough and robust export licensing system to distinguish between exports for legitimate defence and security purposes and exports which pose unacceptable risks to human rights.**

**When making export licensing decisions for goods destined for a country of concern, the Government examines the political and security conditions in the destination country, the nature of the equipment to be exported, the organisation or unit which will ultimately be the user of the equipment, and all available information about how similar equipment has been used in the past and how it is likely to be used in the future. We consult FCO experts in the UK and in our Embassies and High Commissions overseas, and take into account reports from NGOs and the media. Many applications, including all sensitive or finely-balanced cases, are submitted to Ministers for decision.**

*Extant arms export licences to certain individual countries within the FCO's list of 28 Countries of Human Rights concern*

### *Afghanistan*

131. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Afghanistan for assault rifles, body armour, components for all-wheel drive vehicles with ballistic protection, components for assault rifles, components for body armour, components for machine guns, components for military combat vehicles, components for pistols, cryptographic software, equipment employing cryptography, general military vehicle components, gun silencers, machine guns, military support vehicles, pistols, small arms ammunition and technology for military support vehicles are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two, Three, Four and Six. (See paragraph 447 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Afghanistan are compliant with the Consolidated Criteria and the UN Arms Embargo sanctions. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

### *China*

132. The Committees recommend that the Government states in its Response whether it remains the Government's policy to continue to support the maintenance of the EU embargo on China but not to widen the military or dual-use goods to which it applies. (See paragraph 451 of Volume II of this Report.)

**The Government's interpretation of the embargo is kept under regular review. At present, there is no intention to widen the interpretation.**

133. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to China for components for equipment employing cryptography, components for ground vehicle military communications equipment, components for military communications equipment, cryptographic software, equipment employing cryptography, equipment for the production of equipment employing cryptography, equipment for the use of military communications equipment, military communications equipment, small arms ammunition, software for cryptographic software, software for equipment employing cryptography, software for the use of equipment employing cryptography, technology for cryptographic software, technology for equipment employing cryptography, technology for military communications equipment, technology for the production of military communications equipment and weapon sights are currently compliant with the following of the Government's Arms Export Licensing Criteria: One and Two. (See paragraph 452 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for China are compliant with the Consolidated Criteria.**

**A declaration by the Madrid European Council on 27 June 1989 established an arms embargo on China. The UK interpretation of the embargo is that it applies to:**

- **lethal weapons such as machine guns, large calibre weapons, bombs, torpedoes, rockets and missiles;**
- **specially designed components of these items and ammunition; military aircraft and helicopters, vessels of war, armoured fighting vehicles and other such weapons platforms;**
- **any equipment which might be used for internal repression.**

**All exports for China were assessed in accordance with the sanctions in place.**

**Some approved items were military-rated, but were intended for non-lethal purposes. As such, they were not covered by the EU Arms Embargo, e.g. industrial components, or NBC (nuclear, biological and chemical) equipment for use by environmental agencies. All items not covered by the embargo are assessed against the Consolidated Criteria.**

**In 2013 the majority of applications for cryptographic-related equipment were for commercial equipment for commercial end-use: building public mobile phone networks and internet infrastructure, or for use in building virtual private networks for private companies. A licence would not have been granted if there was a clear risk that the items might have been used for internal repression.**

### *Iran*

134. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Iran for equipment employing

cryptography are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two, Three, Four and Seven. (See paragraph 456 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Iran are compliant with the Consolidated Criteria. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

**Sanctions against Iran now include wide restrictions on trade including the export of 'dual-use' goods and goods that could contribute to Iran's nuclear programme as well as an arms embargo. There are also wide restrictions targeting investment in Iran's energy sector, including the supply of key equipment and the purchase of oil and gas. Furthermore, there are wide prohibitions on dealings with large sections of the financial sectors, including the freezing of funds and economic resources of certain individuals and entities, as well as restrictions on the provision of insurance to the Government of Iran and restrictions on the transfer of funds with Iranian banks. All extant licences for Iran were approved in accordance with the sanctions in place.**

**Goods which are not caught by sanctions, such as some military<sup>1</sup> and dual-use items, are carefully assessed with particular attention paid to equipment which could be used for internal repression, could provoke or prolong existing tensions, for aggressive use against another country, or diversion to undesirable or unspecific end-users.**

### *Iraq*

135. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Iraq for anti-riot/ballistic shields, body armour, components for body armour, components for military support vehicles, cryptographic software, equipment employing cryptography, equipment for the use of ground vehicle communications equipment, equipment for the use of military communications equipment, equipment for the use of weapon night sights, equipment for the use of weapon sights, software for equipment employing cryptography, technology for equipment employing cryptography, technology for anti-riot/ballistic shields, technology for body armour, technology for equipment for the use of weapon sights, weapon night sights and weapon sights are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two, Three, Four, Six and Seven. (See paragraph 459 of Volume II of this Report.)

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<sup>1</sup> The only military listed items exempt from the arms embargo are detailed in Article 1.1(c) of Council Regulation [2010/413/CFSP](#) which states: "*This prohibition shall not apply to non-combat vehicles which have been manufactured or fitted with materials to provide ballistic protection, intended solely for protective use of personnel of the EU and its Member States in Iran.*"

**The Government is satisfied that the currently extant licences for Iraq are compliant with the Consolidated Criteria. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

**There is an arms embargo on arms and related materiel against Iraq, which provides exemptions for equipment required by the Iraqi Government. All extant licences for Iraq were approved in accordance with the sanctions in place.**

### *Israel and the Occupied Palestinian Territories*

136. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Israel and the Occupied Palestinian Territories for anti-riot/ballistic shields, body armour, components for body armour, components for all-wheel drive vehicles with ballistic protection, components for equipment employing cryptography, components for military combat vehicles, components for military communications equipment, components for military support vehicles, components for small arms ammunition, components for sniper rifles, cryptographic software, equipment employing cryptography, general military vehicle components, military communications equipment, small arms ammunition, software for equipment employing cryptography, technology for equipment employing cryptography, technology for military communications equipment, technology for small arms ammunition, technology for the use of equipment employing cryptography, water cannon and weapon sights are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two, Three and Four. (See paragraph 465 of Volume II of this Report.)

137. The Committees further recommend that the Government states in its Response whether the entirety of the extant export licences to Israel for cryptographic equipment, software and technology valued at £7.8billion are fully compliant with arms export Criterion 2 (Respect for Human Rights) notwithstanding the fact that when the Committees asked in respect of an export licence application to Israel in Quarter 3 of 2013: "Why was a SIEL [Standard Individual Export Licence] for equipment employing cryptography refused?", the Government's answer was: "We refused this SIEL under Criterion 2 because the exporter did not provide sufficient information or assurances over potential ultimate recipients and end-use. We therefore assessed there was a clear risk that the export might be used for internal repression." (See paragraph 466 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Israel and the Occupied Palestinian Territories are compliant with the Consolidated Criteria. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision**

using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.

While outside the period covered by the Report, it is worth noting that, on 12 August 2014, the Government announced the findings of a review of licensed exports to Israel which identified twelve licences for components which could be part of equipment used by the Israel Defence Forces in Gaza. The Government made clear that, in the event of a resumption of significant hostilities, it would suspend these licences as a precautionary step.

138. The Committees also recommend that the Government sends the Committees, when published, the Initial Assessment made by the UK National Contact Point of the complaint made under the OECD Guidelines for Multinational Enterprises with regard to supplies to Israel security services from G4S. (See paragraph 467 of Volume II of this Report.)

**The Initial Assessment of the complaint against G4S has been published and is available at the following link: <https://www.gov.uk/government/publications/uk-ncp-initial-assessment-complaint-against-g4s>**

### *Libya*

139. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Libya for anti-riot/ballistic shields, assault rifles, body armour, combat shotguns, components for all-wheel drive vehicles with ballistic protection, components for assault rifles, components for body armour, components for pistols, cryptographic software, equipment employing cryptography, equipment for the use of assault rifles, equipment for the use of pistols, hand grenades, military combat vehicles, military support vehicles, pistols, small arms ammunition, smoke/pyrotechnic ammunition, software for equipment employing cryptography and technology for equipment employing cryptography are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two, Three, Four, and Seven. (See paragraph 471 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Libya are compliant with the Consolidated Criteria. Due to the political and security issues in Libya, we assess all licences for the Libyan Government robustly and do not approve licences for the Libyan Government for goods with internal repression, internal tension and diversion concerns unless we have confirmed through the correct Libyan Government channels that the Government placed the order, is expecting receipt and can secure the goods. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be**

found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.

### *Russia*

140. The Committees recommend that the Government states in its Response the reasons it considers its approved and still extant arms export licences to Russia valued at £132 million, including for body armour, components for assault rifles, components for body armour, components for small arms ammunition, components for sniper rifles, equipment employing cryptography, equipment for the use of military communications equipment, equipment for the use of sniper rifles, gun mountings, small arms ammunition, sniper rifles, software for equipment employing cryptography, weapon night sights and weapon sights are currently compliant with the following Government's Arms Export Licensing Criteria: One, Two, Three, and Four. (See paragraph 474 of Volume II of this Report.)

**The Government rigorously applies the Consolidated Criteria in assessing all licence applications. In respect of Russia, on 18 March 2014, the Government suspended export licensing and extant licences for exports of military and dual-use items destined for units of the Russian armed forces or other state agencies which could be or are being deployed against Ukraine; and suspended licences for exports to third countries for incorporation into equipment for export to Russia where there is a clear risk that the end product will be used against Ukraine. It also removed Russia from three OGELs. The Government has agreed a robust set of EU measures against Russia, including an arms embargo and restrictive measures on the export of dual-use goods to the Russian military and military end-users. The European Council's decision and EU Regulations announced on 31 July 2014 secured this outcome. The EU embargo supersedes the UK's unilateral measures announced in March 2014. The Government welcomes the new EU measures which go beyond our suspension and is implementing the new EU sanctions in full. As a result, as of 10 September 2014, the Government has revoked the 26 suspended SIELs and added Russia to the list of non-permitted destinations for nine OGELs. We have removed Russia from 50 OIELs and revoked 7 OIELs which breach the terms of the EU sanctions. Further EU sanctions were announced on 12 September and these are now being implemented. This was explained in the Foreign Secretary's letter to the Chairman of the Committees of 20 August 2014.**

### *Saudi Arabia*

141. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Saudi Arabia for anti-riot/ballistic shields, body armour, command communications control and intelligence software, components for all-wheel drive vehicles with ballistic protection, components for body armour, components for ground vehicle communications equipment, components for machine guns, components for military combat vehicles, components for military

communications equipment, components for sniper rifles, components for weapon sight mounts, crowd control ammunition, cryptographic software, CS hand grenades, equipment employing cryptography, equipment for the production of machine guns, equipment for the use of weapon night sights, equipment for the use of weapon sights, ground vehicle communications equipment, gun mountings, gun silencers, hand grenades, military communications equipment, radio jamming equipment, small arms ammunition, smoke/pyrotechnic ammunition, sniper rifles, software for equipment employing cryptography, software for ground vehicle military communications equipment, software for radio jamming equipment, software for the use of equipment employing cryptography, tear gas/irritant ammunition, technology for ground vehicle military communications equipment, wall/door breaching projectiles/ammunition, weapon night sights, weapon sight mounts and weapon sights are currently compliant with the following of the Government's Arms Export Licensing Criterion: Two. (See paragraph 478 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Saudi Arabia are compliant with the Consolidated Criteria. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

**The Government of Saudi Arabia faces a number of security issues, with concerns arising from the fractious regional situation and external sources, and so has a legitimate requirement for this type of equipment in the performance of its sovereign defensive responsibilities.**

### *Sri Lanka*

142. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Sri Lanka for assault rifles, body armour, combat shotguns, components for assault rifles, components for body armour, components for combat shotguns, components for pistols, components for sniper rifles, components for rifles, equipment employing cryptography, pistols, rifles, small arms ammunition, sniper rifles, software for equipment employing cryptography, sporting guns and weapons sights are currently compliant with the following of the Government's Arms Export Licensing Criteria: One and Two. (See paragraph 484 of Volume II of this Report.)

**The assault rifles, body armour, combat shotguns, components for assault rifles, components for body armour, components for combat shotguns, components for pistols, components for sniper rifles, components for rifles, pistols, rifles, small arms ammunition, sniper rifles, sporting guns and weapon sights were used by PMSCs in counter-piracy operations. In each instance, the PMSCs were all signed up to the International Code of Conduct which helps to mitigate our concerns and ensures that they have the correct procedures in place for the use and storage of all the equipment listed above. We have no**

evidence that PMSCs have diverted any goods to government agencies or other end-users in Sri Lanka. The equipment was not used in the vicinity of civilians. Therefore, the equipment could not have been used to facilitate internal repression which would cause the UK to breach its International obligations.

The end-users of the equipment employing cryptography and software for equipment employing cryptography were private companies and an educational establishment. The stated end-uses of the equipment include educational and research purposes, facilitation of conference calls, secure communications and transactions. The equipment and software employing cryptography neither inhibits nor intercepts communication. The equipment would not prevent individuals from exercising their right to freedom of expression.

#### *Syria – Conventional arms exports and gifted equipment*

143. The Committees conclude that the decision of the UK Government, together with the French Government, to end the EU arms embargo on Syria in May 2013 has thus far had no discernible impact on President Assad or on contributing to a peace settlement in Syria. (See paragraph 500 of Volume II of this Report.)

144. The Committees recommend that the Government lists in its Response the items of equipment, which would be categorized as controlled goods if exported commercially, that have been gifted to Syria during the present Parliament stating in each case:

- a) the quantity;
  - b) the recipient to whom it was gifted; and
  - c) whether the Government has any information as to whether the item has been on-sold or transferred to a third party, and, if so, the name of the third party.
- (See paragraph 501 of Volume II of this Report.)

145. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Syria for body armour, components for all-wheel drive vehicles with ballistic protection and components for body armour are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two, Three and Four. (See paragraph 502 of Volume II of this Report.)

**The Government has been supporting the moderate opposition in Syria for two years with the provision of non-lethal equipment. To date, the UK has only provided non-lethal equipment. In 2013, we provided £20 million in support to the Syrian population – search and rescue equipment and training, power generators, communications, support and training to civil administration.**

**In 2013, the Government gifted three packages of controlled goods for end users in Syria. These were:**

- **Basic equipment for the detection of chemical weapons (x10,000 units) and 5,000 escape hoods to enable people to escape from an area affected by the use of chemical weapons gifted to the Free Syrian Army**
- **Non-lethal equipment for a close protection team for a senior member of the moderate Syrian opposition (x 20 sets)**
- **Armoured vehicles for the protection of UN-OPCW teams working in Syria (x2)**

**The Government has also approved licences for the commercial export of protective equipment for international NGOs working in Syria, and for the UN Force in the Golan Heights.**

**Both the packages of equipment that were gifted to end-users in Syria and the commercial exports were assessed against the Consolidated Criteria.**

#### *Syria – Dual-use chemical exports*

146. The Committee conclude that given the fact that Syria was a known holder of chemical weapons and a known non-signatory of the Chemicals Weapons Convention, banning the manufacture or use of chemical weapons, and given also the nature of the Assad regime, the decision of the previous Government to give 5 export licence approvals for a dual-use chemical to Syria between July 2004 and May 2010 was highly questionable. (See paragraph 521 of Volume II of this Report.)

147. The Committees further conclude that the decision of the present Government to give 2 export licence approvals for dual-use chemicals to Syria in January 2012 after the civil war had started in Syria in 2011 was irresponsible. (See paragraph 522 of Volume II of this Report.)

148. The Committees also conclude that given that:

- a) Syria was a known holder of chemical weapons;
- b) that Syria was a known non-signatory of the Chemical Weapons Convention;
- c) the nature of the Assad regime;
- d) that a civil war was raging in Syria;
- e) that sodium and potassium fluoride were both listed by the Australia Group and the EU in its Dual-Use Regulations as precursor chemicals in the manufacture of chemical weapons; and
- f) the company concerned appears to be a “Brass Plate” one

the present Government’s claim that at the time the two dual-use chemical export licences for sodium fluoride and potassium fluoride to Syria were approved in January 2012 “there were no grounds for refusal” is grossly inaccurate. (See paragraph 523 of Volume II of this Report.)

149. The Committees also conclude that, given the factors a) to f) in paragraph 148 [of

Volume I of the this Report] above, there was a serious failure of due process within the Department of Business, Innovation and Skills in that neither of the licence applications for the export of sodium fluoride or potassium fluoride to Syria in January 2012 was put to Ministers for approval. (See paragraph 524 of Volume II of this Report.)

150. The Committees conclude that the arguments advanced by the Government against the Committees taking evidence from the dual-use chemical export licence applicant companies in public were either invalid or outweighed by the public interest that parliamentary proceedings should be conducted in public unless there are compelling reasons for not doing so. (See paragraph 525 of Volume II of this Report.)

151. The Committees recommend that the Government should state in its Response whether it will adopt a policy of a very strong presumption against approving licence applications for dual-use chemical exports to countries that:

- a) are known holders of chemical weapons;
- b) have not signed and ratified the Chemical Weapons Convention; and
- c) are not participating in an Organisation for the Prohibition of Chemical Weapons-verified destruction programme

and that any proposals to approve such licence applications should be put to Ministers for decision. (See paragraph 526 of Volume II of this Report.)

152. The Committees further recommend that the Government states in its Response whether the OPCW has agreed that further information contained in the Syrian declaration of its chemical weapons and the chemicals used, including precursor chemicals, in their manufacture can be placed in the public domain, and, if so, to provide the Committees with that information. (See paragraph 527 of Volume II of this Report.)

153. Following the Written Ministerial Statement made by the Foreign Secretary on 9 July 2014 on “The Historical Role of UK Companies in Supplying Dual Use Chemicals to Syria”, the Committees also recommend that the Government states in its Response whether the existing export controls over dual-use chemicals need to be widened and strengthened, and, if so, in what ways. (See paragraph 528 of Volume II of this Report.)

**The Government does not agree with the Committees’ conclusions in respect of the licences granted for export of dual-use chemicals to Syria between 2004 and 2012.**

**The Government has a robust legal framework and a transparent process for making decisions that takes account of a wide range of potential risks, including the risk of diversion of dual-use chemicals to a chemical weapons programme. Each of the licences in question was carefully assessed by advisers across a number of Departments, taking account of information from open and other sources. There was no information available at the time to indicate that the chemicals would be used for anything other than the stated, legitimate, end-uses and we have seen no information subsequently to suggest that they were diverted to a Chemical Weapons (CW) programme. Because**

there was no evidence that these chemicals would be diverted to any Syrian programme, these applications were considered at official level.

Only six countries have yet to accede to the CWC: Angola, Burma, DPRK, Egypt, Israel, and South Sudan. As a State Party, the UK abides by the strict controls of the CWC on the transfer of scheduled chemicals. The schedules are designed for the application of verification measures on a range of toxic chemicals and other precursor chemicals needed for the production of nerve and mustard chemical warfare agents. Chemicals listed in Schedule 1 (primarily CW agents or used for CW production) and Schedule 2 chemicals (toxic chemicals and precursors for Schedule 1 chemicals) can only be transferred to States Parties. Schedule 3 chemicals (toxic chemicals and precursor chemicals for those listed in Schedule 2) can be only traded to non-state parties under measures taken to ensure that the transferred chemicals are only used for purposes not prohibited by the Convention. We will continue to assess export licence applications for dual-use chemicals to non-States Parties very carefully and on a case-by-case basis.

The UK is also a member of the Australia Group (AG), an informal group of countries that have agreed to harmonise their national export controls to ensure that exports do not contribute to the development of chemical or biological weapons. The AG undertakes regular reviews of the list of chemicals whose trade is controlled, and members of the group share information on procurement attempts. The UK is closely involved in this process and will continue to promote the addition of new controls where they are practical and can reduce proliferation.

No agreement has been reached to allow the publication of information contained in Syria's declarations to the OPCW. The OPCW reminded States Parties on 24 July of their obligations to ensure adequate controls are in place to ensure OPCW classified information is not put into the public domain.

While the Government will continue to review developments in science and technology to help ensure that export controls remain relevant and up-to-date, the Government does not accept that the information in the 9 July 2014 Written Ministerial statement should of itself prompt further revisions to the existing controls covering dual-use chemicals. The chemical exports concerned took place 30 years ago, and the UK's own export controls as well as those of like-minded States in the AG, have been completely overhauled and up-dated since then. In addition, the CWC is now in force. The three chemicals listed in the statement are now subject to stringent international export controls, which was not the case when the exports took place.

## *Uzbekistan*

154. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Uzbekistan for body armour and components for body armour are currently compliant with the following of the Government's Arms Export Licensing Criterion: Two. (See paragraph 531 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Uzbekistan are compliant with the Consolidated Criteria. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

## *Yemen*

155. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Yemen for acoustic devices for riot control, assault rifles, body armour, components for assault rifles and components for body armour are currently compliant with the following of the Government's Arms Export Licensing Criterion: Two. (See paragraph 534 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Yemen are compliant with the Consolidated Criteria. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

**The Government of Yemen faces a number of security issues, with concerns arising from both internal and external sources, and so has a legitimate requirement for this type of equipment in the performance of its sovereign defensive responsibilities.**

## *Extant arms exports licences to the 5 Additional Countries of concern to the Committees*

### *Argentina*

156. The Committees continue to conclude that it is reprehensible that the Government, given the relatively recent history of British ships being sunk in the Falklands War by missiles supplied by a fellow NATO member and the statement by the Argentinian Foreign Minister, as reported on 5 February 2013, regarding Argentinian control of the Falkland Islands, when he said "I don't think it will take another 20 years", is unwilling to lobby other Governments to

make the same change in arms exports policy to Argentina as that announced by the British Government on 26 April 2012. The Committees recommend that the Government should do so. (See paragraph 541 of Volume II of this Report.)

**The Government's consistent response on this challenge is that we do not expect other governments to align their export control policies with ours over Argentina. This is primarily a bilateral issue and an international embargo would not be appropriate.**

157. The Committees recommend that the Government states in its Response which other NATO member countries, and other arms exporting countries to Argentina have now made the same change in arms exports policy to Argentina as that announced by the British Government on 26 April 2012. (See paragraph 542 of Volume II of this Report.)

**We are not aware that any NATO member countries, and other arms exporting countries to Argentina, have made the same change in arms exports policy to Argentina as that announced by the Government on 26 April 2012. NATO does not engage in arms exports as an institution. Each NATO state will assess export licences for Argentina against their own national arms export licensing criteria.**

158. Following the Government's arms exports Quarterly Report for July–September 2013, the Committees put the following questions to the Government regarding exports to Argentina:

Given the current political tensions between the United Kingdom and Argentina and the Foreign Secretary's letter to the Chairman of 26 April 2012, the Committees wish know why was an OIEL including artillery ammunition, components for artillery, components for combat naval vessels, components for decoying/countermeasure equipment, components for launching/handling/control equipment for missiles, components for launching/handling/control equipment for munitions, components for military electronic equipment, components for military guidance/navigation equipment, components for military radars, components for naval communications equipment, components for naval electrical/electronic equipment, components for naval engines, components for naval gun installations/mountings, components for naval guns, components for weapon control equipment, decoying/countermeasure equipment, general naval vessel components, launching/handling/control equipment for missiles, launching/handling/control equipment for munitions, military communications equipment, military electronic equipment, military guidance/navigation equipment, military radars, naval communications equipment, naval electrical/electronic equipment, signalling devices, smoke canisters, smoke/pyrotechnic ammunition, technology for artillery, technology for combat naval vessels, technology for decoying/countermeasure equipment, technology for general naval vessel components, technology for launching/handling/control equipment for missiles, technology for launching/handling/control equipment for munitions, technology for military communications equipment, technology for military electronic equipment, technology for military guidance/navigation equipment, technology for military radars, technology for naval

communications equipment, technology for naval electrical/electronic equipment, technology for naval engines, technology for naval gun installations/mountings, technology for naval guns, technology for signalling devices, technology for smoke canisters, technology for weapon control equipment, training artillery ammunition and weapon control equipment approved?

The Government response was:

The OIEL was approved because all items in the licence are for the sole use of a non-Argentinean naval mission and are not to be re-exported or sold for export to a Third Party. We had no Criteria concerns.

The Committees recommend that the Government in its Response explains:

- a) what use the non-Argentinian naval mission has for items such as artillery ammunition and components for artillery;
- b) how export approval of the above goods for export to Argentina can be reconciled with the Business Secretary's change of policy on arms exports to Argentina in his Written Ministerial Statement of 26 April 2012 in which he said: "In future no licences will be granted for military or dual-use goods for military end users in Argentina unless there are compelling exceptional reasons to do so"; and
- c) why the Government approved the above goods to be exported to Argentina rather than to the country of the non-Argentinian naval mission referred to. (See paragraph 543 of Volume II of this Report.)

**The licence application was submitted by the non-Argentine naval end-user. The application was for a variety of naval and weaponry components. The export licence application states that the goods exported to the countries listed, one of which was Argentina, would always be delivered to the non-Argentine naval end-user's naval vessel visiting the listed country. The exporter also stated that the goods were for the sole use of the non-Argentine naval end-user's navy and would not be re-exported or sold to a third party. BIS added a condition to their approval letter that 'Exports are only permitted for use by the non-Argentine naval end-user in this destination.'**

**Listing countries that vessels may visit as a destination is appropriate because the vessels may need to be repaired or undergo maintenance while in a foreign port. In this case, the exporter provided all the required assurances that the goods would not be diverted into the listed destinations.**

**The non-Argentine naval end-user has now confirmed to BIS that it has not used the OIEL for Argentina.**

## *Bahrain*

159. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Bahrain for anti-riot/ballistic shields, assault rifles, components for assault rifles, components for gun mountings, components for machine guns, components for military communications equipment, components for pistols, components for sporting guns, equipment employing cryptography, equipment for the use of assault rifles, equipment for the use of machine guns, equipment for the use of military communications equipment, general military vehicle components, gun mountings, gun silencers, hand grenades, machine guns, military communications equipment, pistols, small arms ammunition, sniper rifles, software for equipment employing cryptography, software for telecommunications jamming equipment, sporting guns, technology for military communications equipment, technology for the use of equipment employing cryptography, telecommunications jamming equipment, weapon night sights and weapon sights are currently compliant with the following of the Government's Arms Export Licensing Criteria: Two, Four, and Seven. (See paragraph 547 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Bahrain are compliant with the Consolidated Criteria. However, as was shown in Ukraine, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

**Since the popular unrest that started in February 2011, we have monitored the situation in Bahrain closely, assessing export licence applications on a case-by-case basis. We continue to pay particular attention to the risk that goods might be used in internal repression (Criterion 2) and/or used to aggravate existing tensions in country (Criterion 3). The level of violence has diminished since 2011, although incidents increase during sensitive anniversaries and clashes in Shi'a villages continue. In April 2013, following a review of the management of public order by Bahrain's security forces, we approved a number of licences for the Bahrain Defence Force (BDF) including armoured personnel carrier components, firearms, helmets and shields. This was based on our assessment that Bahrain had significantly moderated its approach to public order situations to allow these licences to be approved, and provided good evidence that the BDF is unlikely to be deployed to handle public order incidents in the future.**

## *Egypt*

160. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Egypt for acoustic devices for riot control, assault rifles, body armour, combat shotguns, components for assault rifles, components for body armour, components for military communications equipment,

components for pistols, components for radio jamming equipment, components for sniper rifles, components for sporting guns, cryptographic software, equipment employing cryptography, equipment for the use of military communications equipment, general military vehicle components, military communications equipment, pistols, radio jamming equipment, small arms ammunition, sniper rifles, software for equipment employing cryptography, software for military communications equipment, sporting guns and weapon sights are currently compliant with the following of the Government's Arms Export Licensing Criteria: One, Two and Three. (See paragraph 561 of Volume II of this Report)

**The Government is satisfied that the currently extant licences for Egypt are compliant with the Consolidated Criteria and the EU FAC suspension. We assess all export licence applications for Egypt against both thresholds and will suspend any licence if we assess that it 'might be used for internal repression.' As was shown in Egypt in 2013, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke licences. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

161. The Committees recommend that the Government in its Response provides an update of Annex 1 to the Business Secretary's letter of 14 May 2014 listing the Government's subsequent revocations, suspensions, un-suspensions and re-instatements of export licences to Egypt. (See paragraph 562 of Volume II of this Report.)

**As of 28 August 2014, the list of revocations, suspensions, un-suspensions and re-instatements of export licences to Egypt remains the same as listed in Annex 1 of the Business Secretary's letter to the Committees of 14 May 2014.**

162. The Committees scrutiny has established that there were 9 countries in Africa and the Middle East to which the Government gave approval in July to September 2013 of Open Individual Trade Control Licences (OITCLs) for goods that could be used for internal repression all with destinations which included Egypt. The Committees questions in relation to each of the 9 countries were:

Ghana: Why were OITCLs approved which included acoustic devices for riot control, body armour, combat shotguns, components for acoustic devices for riot control, components for body armour, components for rifles, rifles, small arms ammunition and weapon sights when the destination countries included Egypt?

Mozambique: Why was an OITCL with a destination including Egypt for goods including acoustic devices for riot control, body armour, combat shotguns, components for acoustic devices for riot control, components for body armour, components for rifles, rifles, small arms ammunition and weapon sights approved?

Nigeria: Why was an OITCL with a destination including Egypt for goods including acoustic devices for riot control, body armour, combat shotguns, components for acoustic devices for riot control, components for body armour, components for rifles, rifles, small arms ammunition and weapon sights approved?

Oman: Why were OITCLs with a destination including Egypt for goods including acoustic devices for riot control, assault rifles, body armour, combat shotguns, components for acoustic devices for riot control, components for assault rifles, components for body armour, components for rifles, components for sniper rifles, rifles, small arms ammunition, sniper rifles and weapon sights approved?

Saudi Arabia: Why was an OITCL with a destination including Egypt for goods including acoustic devices for riot control, body armour, combat shotguns, components for acoustic devices for riot control, components for combat shotguns, components for body armour, components for rifles, components for sporting guns, rifles, small arms ammunition, sporting guns and weapon sights approved?

Seychelles: Why were OITCLs with a destination including Egypt for goods including acoustic devices for riot control, assault rifles, body armour, combat shotguns, components for acoustic devices for riot control, components for assault rifles, components for body armour, components for rifles, components for sniper rifles, rifles, small arms ammunition, sniper rifles and weapon sights approved?

Singapore: Why was an OITCL with a destination including Egypt for goods including acoustic devices for riot control, body armour, combat shotguns, components for acoustic devices for riot control, components for body armour, components for combat shotguns, components for rifles, components for sporting guns, rifles, small arms ammunition, sporting guns and weapon sights approved?

South Africa: Why were OITCLs with a destination including Egypt for goods including acoustic devices for riot control, assault rifles, body armour, combat shotguns, components for acoustic devices for riot control, components for assault rifles, components for body armour, components for rifles, components for sniper rifles, rifles, small arms ammunition, sniper rifles and weapon sights approved?

Tanzania: Why was an OITCL with a destination including Egypt for goods including acoustic devices for riot control, assault rifles, body armour, combat shotguns, components for acoustic devices for riot control, components for assault rifles, components for body armour, components for rifles, components for sniper rifles, rifles, small arms ammunition, sniper rifles and weapon sights approved?

The Government's response to each of the 9 questions was: "The OITCL was granted for equipment to be used by a private maritime security company for anti-piracy activities. The Committees recommend that the Government states in its Response why, when the EU Foreign Affairs Council agreed on 21 August 2013 to suspend export licences to Egypt for equipment which might be used for internal repression, the Government continued to approve OITCL licences for the above goods with Egypt as a destination after that date. (See paragraph 563 of Volume II of this Report.)

All OITCLs were assessed against the Consolidated Criteria and the lower threshold introduced by the EU FAC suspension (if goods might be used for internal repression). Taking into account all relevant factors, we assessed that neither threshold was met and therefore approved the goods.

### *Tunisia*

163. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Tunisia for components for military communications equipment, components for military support vehicles, cryptographic software, equipment employing cryptography, military communications equipment and small arms ammunition are currently compliant with the following of the Government's Arms Export Licensing Criteria: Two and Seven. (See paragraph 566 of Volume II of this Report.)

**The Government is satisfied that the currently extant licences for Tunisia are compliant with the Consolidated Criteria. However, circumstances can and do change rapidly, leading to a reassessment of risk and, in some cases, a different decision using the same Criteria. In such cases, the Government would revoke the licence. The Government's answers to the Committees' Quarterly Questions, which can be found at Volume 2, Annex 1 of the Committees' Annual Report, provide more detail about individual licences.**

### *Ukraine – arms exports*

164. The Committees recommend that the Government states in its Response the reasons it considers its approved extant arms export licences to Ukraine for body armour, components for all-wheel drive vehicles with ballistic protection, equipment employing cryptography, equipment for the use of weapon sights, small arms ammunition and weapon sights are currently compliant with the decision of the EU Foreign Affairs Council on 20 February 2014 on arms exports to Ukraine and with the following of the Government's Arms Export Licensing Criteria: Three and Four. (See paragraph 569 of Volume II of this Report.)

**The Government rigorously applies the Consolidated Criteria in assessing all licence applications. On 20 February 2014, EU Member States at the FAC agreed to suspend, until further notice, all export licensing to Ukraine for equipment which might be used for internal repression. We suspended all extant licences for goods that *might* be used for internal repression in accordance with the EU FAC decision. On 22 July 2014, the EU FAC in Brussels unanimously agreed through the Council minutes that:**

***“In light of developments in Ukraine since 20 February and of increased EU engagement in support of Ukraine including in the field of civilian security sector reform, the Council took note that***

- ***Member States agreed to discontinue the application of their agreement of 20 February 2014 on export licences;***

- ***the Common Position 2008/944 continues to apply.”***

**This new agreement removes the blanket approach to all licences for the Ukrainian internal security forces and enables States to consider licence applications on a case-by-case basis against the EU and relevant national arms export licensing criteria. All new licence applications for Ukraine will be rigorously assessed, taking into account all relevant factors including end-user and end-use details. Those licences which were previously suspended are being re-assessed against the Consolidated Criteria. Any licences which are inconsistent with the Criteria will be revoked. The Government refers the Committees to the Foreign Secretary’s letter to them of 24 July 2014.**

*Ukraine – sniper rifles*

165. The Committees conclude that the Government’s concerns about the use of hunting and sporting weapons in the disturbances in the Ukraine including those described as “sniper rifles” are welcome. (See paragraph 572 of Volume II of this Report.)

**The Government notes the Committees’ conclusion.**

166. The Committees recommend that at the Government in its Response provides updated information on UK Government export licence approvals of sniper rifles, and of hunting and sporting weapons, to Ukraine following the Business Secretary’s letter of 14 May 2014. (See paragraph 573 of Volume II of this Report.)

**No licences have been granted for the export of sniper rifles, hunting or sporting weapons since the Business Secretary last updated the Committees on the position with Ukraine on 14 May 2014.**

*Arms exports to authoritarian regimes and Countries of concern Worldwide*

167. The Committees conclude that the fact that in the last 2½ years alone the Government has been obliged by changed circumstances to revoke 209 export licences to 17 countries, and has had to suspend 109 export licences to 3 countries, whilst welcome in itself, indicates that , with regard to those items of military and dual-use goods that might be used for internal repression being exported to authoritarian regimes, the Government’s arms export policy is essentially one of reacting to events and not taking sufficient account of the nature of the regimes concerned at the point when the decision is made to approve the export licence or not. (See paragraph 578 of Volume II of this Report.)

168. The Committees further conclude that whilst the Government’s assertion that there is “no evidence of any misuse of controlled military goods exported from the United Kingdom” may be factually correct with regard to a lack of evidence, this is not at all surprising and is of little or no value as an assurance given that for the great majority of the exported goods concerned — ammunition, small arms, light weapons, components, communications

equipment, surveillance equipment technology and software, cryptographic equipment, technology and software, and dual-use goods — it will be impossible to identify that they are from the UK once the goods have left the country. (See paragraph 579 of Volume II of this Report.)

169. The Committee, therefore, repeat their previous Recommendation that the Government should apply significantly more cautious judgements when considering arms export licence applications for goods to authoritarian regimes which might be used for internal repression. (See paragraph 580 of Volume II of this Report.)

**The Government takes its arms export responsibilities very seriously and aims to operate one of the most rigorous arms export control regimes in the world. We consider how the equipment will be used by the end-user. Although we have concerns about some end-users in particular countries – and work with respective governments to explain our concerns – we judge that other end-users will use exported equipment appropriately. We will not approve an export licence if we believe that there is a clear risk that an export might be used for internal repression.**

**Our export licensing system allows us to respond quickly to changing facts on the ground. We have revoked or suspended licences when the level of risk changes – for example in Egypt, Ukraine, and Russia. This shows how seriously we take the guiding principle of responsible export controls.**

**Annex A**

**“In force” Open General Licences created since 6 April 2009**

<b>Licence Name</b>	<b>Date Created (listed in descending order of date originally published)</b>	<b>Reason for Creation</b>	<b>To Whom Granted</b>	<b>What Goods Authorised</b>
Open General Export Licence (Military Goods: A400M Collaborative Programme)	Dated: 23 April 2014. In force: 23 April 2014.	Developed to support a collaborative programme with seven partner countries (Belgium, France, Germany, Luxembourg, Spain, Turkey and the UK) and one export customer (Malaysia) for the A400M military transport aircraft. Also permits exports to other destinations where sub-contracting may be taking place, provided that ultimately the export will be for the production or maintenance of A400M.	All general licences are granted to exporters who are registered to use the named licence via SPIRE and who can fulfil all the specified terms and conditions.  Registered OGEL holders are subject to regular compliance audits.	Permits, subject to certain conditions, the export or transfer of the majority of goods, software and technology required for the production and maintenance of A400M, for the end-use of all the listed partner nations and agreed export customer.
Open General Export Licence (Export in support of Joint Strike Fighter: F-35 Lightning II)	Dated: 6 January 2014 In force: 6 January 2014	Developed to support a US Government-led collaborative programme with eight partner countries (Australia, Canada,	See above	Permits, subject to certain conditions, the export or transfer of the majority of goods, software and technology (but not weapons or components of weapons)

<p>Open General Export Licence (International Non-Proliferation Regime Decontrols: Military Items)</p>	<p>Dated: 8 March 2013 In force: 8 March 2013</p>	<p>Denmark, Italy, the Netherlands, Norway, Turkey, UK) for around 3000 aircraft. Also permits exports to range of other destinations where subcontracting may be taking place, provided that ultimately the export will be for the production or maintenance of the JSF.</p>	<p>See above</p>	<p>required for the production and maintenance of JSF for the end-use of all the listed partner nations and agreed export customers, namely Israel and Japan.  Export of weapons for JSF continue to be required on an individual case-by-case licensing basis.</p>
<p>Open General Export Licence (Certified Companies)</p>	<p>Dated: 10 August 2012 In force: 10 August 2012</p>	<p>This licence is intended as a temporary measure placing certain specified items under a less restricted form of licensing until the EU Common Military List is amended and the UK Military List is updated to reflect changes agreed by the Wassenaar Arrangement.</p>	<p>See above</p>	<p>Permits, subject to certain conditions, the export of specified military items that are due to be decontrolled.</p>
<p>Open General Export Licence (Certified Companies)</p>	<p>Dated: 10 August 2012 In force: 10 August 2012</p>	<p>Licence published to comply with the UK's obligations under the European Union Directive 2009/43/EC of 6 May 2009 (known as the Intra-</p>	<p>See above</p>	<p>Permits, subject to certain conditions, the export or transfer of items specified in Schedule 1 of the licence to those companies referred to in Schedule 2.</p>

Open General Export Licence (Exports under the US-UK Defence Trade Cooperation Treaty)	Dated: 16 May 2012 In force: 28 May 2012	Licence created in conjunction with the UK's signing of the US-UK Defence Trade Co-operation Treaty.	See above	Permits, subject to certain conditions, the export or transfer of military goods or technology under the Treaty from the UK to the US.  Permission is only granted to members of the 'Approved Community' and provided that the ultimate end-user of the goods or technology is the US or UK Government.
Open General Trade Control Licence (Maritime Anti-Piracy)	Dated: 22 February 2012 In force: 23 February 2012	Developed to cover licensable trade activity related to the provision of maritime anti-piracy services.	See above	Permits, subject to certain conditions, the provision and approval of certain information, the transfer of common military and paramilitary equipment used in maritime security operations for protection against acts of piracy.
Open General Trade Control Licence (Insurance or Re-Insurance)	Dated: 28 November 2011 In force: 28 November 2011	Developed to cover licensable insurance transactions involving the movement of controlled goods in relation to a UN operation in an embargoed	See above	Permits, subject to certain conditions, the Head Insurance Party or any Additional Insurance Party to arrange or provide insurance or re-insurance in relation to UN mandated or

<p>Open General Export Licence (International Non-Proliferation Regime Decontrols: Dual-Use Items)</p>	<p>Dated: 24 February 2011 In force: 7 March 2011</p>	<p>destination, as long as the UN mission and operation falls within the eligibility of the licence</p>	<p>authorised missions or operations involving the movement of goods specified in the goods schedule which are subject to trade controls.</p>
<p>Open General Export Licence (Military Goods, Software and Technology)</p>	<p>Dated: 6 October 2010 In force: 15 October 2010</p>	<p>This licence is intended as a temporary measure placing certain specified items under a less restricted form of licensing until the EU Dual-Use Regulation is amended to reflect changes agreed by international non-proliferation regimes.</p> <p>Permits the export of a wide range of military equipment to low-risk destinations.</p> <p>This licence was developed from the (Government and NATO End-Use) OGEL and applies to those destinations that are considered sufficiently low-risk that the limitation of only permitting exports for Government or NATO end-users was no longer</p>	<p>Permits, subject to certain conditions, the export of specified dual-use items that are due to be decontrolled.</p> <p>Permits, subject to certain conditions, the export of a wide range of military equipment to any person or entity in the listed destinations.</p>

	Dated: 11 August 2010 In force: 27 August 2010	considered necessary.	See above	Permits, subject to certain conditions, the export of listed military goods, software and technology for the production, development or maintenance of Typhoon aircraft to the listed destinations.
Open General Export Licence (Military Goods: Collaborative Project Typhoon)		Developed to support a collaborative programme between the Governments of Germany, Italy, Spain and the UK for the development, production and sale of the Typhoon aircraft (Eurofighter).		
Open General Export Licence (Historic Military Vehicles and Artillery Pieces)	Dated: 26 May 2009 In force: 26 May 2009	Permits the export of military vehicles and artillery pieces manufactured 50 years or more before the date of export provided they are being exported to EU countries for not more than three months for the purposes of commemorative events, historical re-enactment or recreational purposes.	See above	Permits, subject to certain conditions, the export of vintage military vehicles (listed under ML6 on the UK Military List) and certain historic artillery pieces.

**“Expired” Open General Licences created since 6 April 2009**

Licence Name	Date Created (listed in descending order of date originally published)	Reason for Creation	To Whom Granted	What Goods Authorised
Open General Export Licence (Sporting Weapons – London Olympics 2012)	Dated 22 December 2011 In force: 1 January 2012  Licence expired on 30 September 2012	Developed specifically for use at the Olympics in London 2012.	All general licences are granted to exporters who are registered to use the named licence via SPIRE and who can fulfil all the specified terms and conditions.  Registered OGEL holders are subject to regular compliance audits.	This OGEL permitted, subject to certain conditions, the export of sporting firearms and associated equipment as specified in the licence.
Open General Export Licence (Cryptography)	Dated: 14 October 2010 In force: 22 October 2010  Licence expired on 31 December 2011	Interim measure to minimise the licensing burden following removal of some cryptographic items from the control list of the Wassenaar Arrangement, but whose export from the EU was still subject to control pending revision to	See above	This licence permitted the export of items specified in Schedule 1 to be exported from the UK to any destination in Schedule 2.

		<p>the EU Dual-Use Regulation. The OGEL was superseded in 2011 by a more comprehensive 'International Non-Proliferation Regime Decontrol: Dual-Use Items' at which stage the Cryptography OGEL expired.</p>		
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