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NOTE

from: Secretariat

to: Delegations

Subject: User's Guide to the EU Code of Conduct on Arms Exports

Delegations will find attached the updated version of the User's Guide to the EU Code of Conduct on Arms Exports, as agreed by the Working Party on Conventional Arms Exports at its meeting on 8 June 2007.

USER'S GUIDE TO THE EUROPEAN UNION CODE OF CONDUCT ON ARMS
EXPORTS

Introductory note

All Member States have agreed to apply the EU Code of Conduct on Arms Exports when assessing applications to export items listed in the agreed EU Common Military List. The Code of Conduct also aims to improve the sharing of information between Member States and to increase mutual understanding of their export control policies.

The User's Guide is intended to help Member States apply the Code of Conduct. It does not replace the Code in any way, but summarises agreed guidance for the interpretation of its criteria and implementation of its operative provisions. It is intended for use primarily by export licensing officials.

This User's Guide will be regularly updated. The most recent version will be available on the Security-related export controls web-page of the Council internet site.

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Introduction

Operative Provision 3 of the Code of Conduct states that Member States are to circulate details of licences refused together with an explanation of why the licence has been refused.

Sharing information on denials is one of the most important means through which the aims of Member States' export control policies, and the convergence of these policies, can be achieved. This chapter is intended to clarify Member States' responsibilities in this area. It also takes into consideration the fact that, on 23 June 2003, Member States agreed to assess applications for licences to carry out specific brokering transactions against the provisions of the Code.

Section 1: The definition of a denial

1.1.1 Operative Provision 3 of the Code of Conduct states that *“a denial of a licence is understood to take place when the Member State has refused to authorise the actual sale or ... export of the item of military equipment concerned, where a sale would otherwise have come about, or the conclusion of the relevant contract. ...a notifiable denial may, in accordance with national procedures, include denial of permission to start negotiations or a negative response to a formal initial enquiry about a specific order.”*

1.1.2 Practices currently differ between Member States as to when their companies approach their government authorities to get export permissions. Some Member States will consider a request from business only when the formal export licence is applied for. Others deal with industry more informally, giving early and non-binding indications as to whether or not a proposed transaction would be permitted.

1.1.3 Whether the company’s request concerning a possible export is made at an early stage in the marketing process or just prior to an export order being received, the request has meet certain formal requirements before a formal response can be given and, if negative, notified as a denial by the government authority. In the absence of certain factual information, a request could only be discussed on the basis of assumptions rather than handled as an application by the competent authority. A request over the telephone or a brief e-mail with general information or questions would therefore not constitute a situation in which the authority could approve or deny a specific business opportunity.

1.1.4 A denial should be notified when the government authority has refused an application for export approval made in writing (email, fax, or letter) with a certain degree of precision giving the competent authority enough information on which to make a decision. The minimum level of information that the written request has to contain is:

- country of destination;
- full description of the goods concerned, including quantity and where appropriate technical specifications;
- buyer (specifying whether the buyer is a government agency, branch of the armed forces, paramilitary force or a private natural or legal person);
- proposed end-user.

1.1.5 A denial notification (DN) should also be issued when:

- a Member State revokes an extant export licence;
- a Member State denies an export licence that is relevant to the scope of the Code, and has already circulated a DN relating to this denial in other international export control regimes;
- a Member State has refused an export transaction deemed essentially identical to a transaction previously refused by another Member State and notified as a denial. Among the points to be assessed more particularly in order to determine whether a transaction is “essentially identical” are the technical specifications, the quantities and volumes, and the customers and end-users of the goods concerned.

1.1.6 By contrast, in the following situation, a denial notification (DN) should not be issued:

- an application for approval has either not been made in writing or has not provided all the information required in section 1.4 above.

1.1.7 In the case of a licence being refused on the basis of a national policy that is stricter than that required under the Code, a DN could be issued "for information only". Such DN would be added to the central database by the Secretariat, but it would remain de-activated.

Section 2: The denial information to be notified

1.2.1 It is vital for the successful operation of the DN system that all relevant information is provided when notifying a denial, so that this information can be taken into account by other Member States in developing their export control policies. This section therefore sets out harmonised notification forms for DNs for export and brokering licences (model Form 1, in the Annex) and for modifications and revocations of DNs (model Form 2 in the Annex).

1.2.2 Descriptions of these information elements are set out below:

Identification number

Standard registry number assigned by the issuing Member State, in the following format:

Standard acronym to identify regime (EUARMS)/two-letter acronym for issuing country/year (4 numbers)/serial number (3 numbers). For example, EUARMS/PT/2005/007, EUARMS/ES/2003/168.

Country of final destination

Country where (according to the exporting country's information) the end-user is located.

Date of notification

Date of the message that informs EU partners of the decision to deny, or to amend or revoke the denial.

Contact details for more information

Name, phone number, fax number and email address of a person who can provide further information.

Short description of the goods

Technical specification, permitting a comparable assessment. If necessary for this purpose, technical parameters should be indicated. The French/English glossary of technical terms (to be developed) should be used where appropriate. In addition to this description, the following voluntary information may be provided:

- Quantity
- Value
- Manufacturer of the goods

Control List reference

Identification of the item number of the notified goods on the most recently agreed version of the EU Common Military List (with sub-item number where applicable) or on the dual-use goods list (give official reference) for goods on which DN information is shared pursuant to Operative Provision 6 of the Code of Conduct.

Stated end-use

Information on the intended use of the notified commodity (e. g. spare part for..., incorporation in ..., use as...). If it is a supply to a project, the name of the project should be indicated.

Consignee and end-user

This information should be as detailed as possible in order to permit a comparable assessment. Name/address/country/telephone number/fax number/e-mail address should be given in separate fields.

Reason for notification of denial/amendment/revocation

In case of a denial, the applicable criteria of the EU Code of Conduct for arms exports are given here. Where the relevant criteria consist of numerous “sections” (e.g. 7 (a), (b), (c) and (d)), they shall specify which one(s) were relevant. In case of amendment or revocation of a notification, a short explanation should be added, e.g. following lifting of an embargo, replacement by notification X, etc.

Additional remarks

Any additional information that could be helpful to other Member States in their assessment. Voluntary.

Origin country of the goods

Country from which the brokered goods are being exported. This category should only be filled in for brokering DNs.

Broker's name and details

Name(s), business address(es), country, telephone number(s), fax number(s) and e-mail address(es) of the brokers whose application for a licence has been refused. This category should only be filled in for brokering DNs.

Information element(s) to be amended

Specify which item of the original notification is to be changed.

New information element(s)

New content of the modified item.

Effective date of amendment or revocation

The date on which the decision to amend or revoke the denial takes effect.

1.2.3 As agreed in article 5 in Council Common Position 2003/468/CFSP on the control of arms brokering, Member States will exchange information, inter alia, in the area of "denials of registering applications (if applicable)". The attached Form 3 is a harmonized notification form for DNs on applications for brokering registration.

Section 3: Revocation of Denial Notifications

1.3.1 The purpose of a denial notification is that it provides information on a Member State's export control policy that other Member States should then be able to take into account in their own export licensing decisions. Whilst it would not be possible for a Member State's stock of DNs to perfectly reflect its export control policy at all times, Member States can keep information up to date by revoking denial notifications where appropriate.

1.3.2 Revocations shall be carried out by COREU message as soon as possible after the decision to revoke has been made, and in any event within 3 weeks of this decision. The Member State shall use Form 2 (see Annex) for this purpose.

1.3.3 Member States shall annually review their extant denial notifications and revoke a notification if a change in national thinking means it is no longer relevant (updating), and suppress multiple notifications relating to essentially identical transactions (tidying) in order to retain only the ones which are most relevant to national export control policy.

1.3.4 Revocations shall also take place in the following circumstances:

- A Member State grants an export licence for a transaction that is “essentially identical” to a transaction it has denied in the past. In this case, the DNs that it issued previously shall be revoked.
- After an arms embargo has been lifted. In this case, Member States shall revoke the denials that were solely based on the embargo, within one month of the lifting of the embargo.
- A Member State decides that a licence which it previously revoked should be reinstated (see Section 1.1.5, first bullet)

1.3.5 It is not necessary for Member States to revoke DNs that were issued more than three years previously. These DNs will be automatically de-activated on the central data base by the Council Secretariat (see Section 1.4 8 below). Though de-activated, they will remain on the data base.

Section 4: Notifying denials and carrying out consultations

Export licences

Denial notifications: circulation

1.4.1 When an arms export or brokering licence is denied, the Member State must circulate the denial notification no more than one month after the licence has been refused.

1.4.2 Member States will circulate denials to all other Member States using Form 1. All fields must be filled in, or an explanation should be given of why a field is not relevant. Incomplete notifications will not be entered on the database by the Council Secretariat.

1.4.3 All denial notifications, revocations and modifications must be written in either English or French. They are to be circulated by COREU to all Member States (the message will automatically be copied to the Council Secretariat). The classification should be “Restricted”. The priority setting should be “urgent”.

Denial notifications: handling and storage

1.4.4 The Council Secretariat will operate a central DN database for export licence DNs. This will not prevent Member States from operating their own databases. The central DN database is a resource for all Member States to use. The database will allow Member States to search on any of the denial notification fields (country issuing the DN; country of destination of the equipment; criteria for refusal; description of goods,...), or combinations of fields. The database will allow statistics based on these fields to be compiled.

1.4.5 The information on the database is classified ‘Restricted’ and will be treated as such by all Member States and the Council Secretariat. It will be in the English language. Where the information provided is in French it will be translated into English by the Council Secretariat. For this purpose, the Member States will compile a glossary of technical terms.

1.4.6 The Council Secretariat will check each Form 1 DN to ensure that it contains all the essential information. If complete, it will be entered in the central database. If essential information has been omitted, the Secretariat will request this information from the Member State that has issued the denial. Denial notifications will not be entered in the database until at least the following information has been received:

- identification number;
- country of destination;
- short description of the goods (with their matching control list number);
- stated end-use;
- name and country of consignee, or end-user if different (specifying whether the buyer is a government agency, the police, army, navy or air force, a paramilitary force, or a private natural or legal person and, if denial is based on criterion 7, the name of the natural or legal person);
- reasons for denial (these should include not only the number(s) of the criteria, but also the elements on which the assessment is based);
- date of the denial (or information on the date when it takes effect, unless it is already in force).

1.4.7 When the Council Secretariat receives a Form 2 message revoking a DN, it will remove this DN from the central DN database. When the Council Secretariat receives a Form 2 message to change the details in a DN, it will amend them as requested so long as the new information conforms to the agreed format.

1.4.8 The Council Secretariat will regularly check each month that none of the active DNs on the central DN data base are more than 3 years old. All DNs of more than 3 years old shall be deactivated, though the information will remain on the database.

1.4.9 Until remote access to a secure database is possible, the Council Secretariat will, around the first working day of each month, send to Member States, via nominated persons in their Permanent Representations in Brussels, a disc containing the latest version of the database. Appropriate security procedures will be followed.

Consultation Procedures

1.4.10 When Member States are considering granting an export licence, they should consult the database to see if another Member State has denied an essentially similar transaction, and if so, consult the Member State(s) which issued the denial(s).

1.4.11 If a Member State is not sure whether or not a DN on the central database constitutes an ‘essentially identical transaction’; it should initiate a consultation in order to clarify the situation.

1.4.12 Consultations shall be sent via COREU in English or French, addressed to the Member State who has issued the DN, and copied to all other Member States. The message will be in the following format:

“[Member State X] would be grateful for further information from [Member State Y] on EU Code of Conduct denial notification [identification number and destination concerned], as we are considering a relevantly similar licence application. Under the Users’ Guide of the Code of Conduct, we hereby request a response on or before [deadline date]. It will be considered that there has been no response unless we receive a reply by this date. For further information please contact [name, telephone number, e-mail address].”

1.4.13 The deadline is 3 weeks from the date of transmission of the consultation request, unless otherwise agreed between the parties concerned. If the consulted Member State has not responded within this time, it is presumed to have no objection to the licence application.

1.4.14 If a Member State’s refusal was based on intelligence information, it may choose to state that *“The refusal was based on information from sensitive sources”*. The consulting Member State would then usually refrain from asking for further details about the source of this information.

1.4.15 The consulted Member State may, within the 3 week period, request an additional extension of one week. This should be requested as soon as practicable.

1.4.16 Whilst the initial consultation must be made in the manner set out above, Member States may continue the consultation through any jointly agreed format. However, the consulted Member State should provide a full explanation of this grounds for its refusal.

1.4.17 EU Member States will keep such denials and consultations confidential. They will treat them in the appropriate manner and not use them for commercial advantage.

After the consultation has ended

1.4.18 The consulting Member State shall inform all Member States, by COREU, of its decision on the licence application, including a brief statement of its reasoning. The consulting Member State should send this notification within 3 weeks of reaching a decision.

Licences for brokering, transit or transshipment, and intangible transfers of technology

1.4.19 All of the above procedures for the circulation, handling and storage of DNs, consultations and post-consultation actions (paragraphs 1.4.1 – 1.4.18), should also be followed in the case of DNs for brokering, transit and transshipment licences and licences for intangible transfers of technology.

1.4.20 All Member States which have laws on brokering and operate a licensing system for brokering transactions should notify denials in the same way as for export licence denials in accordance with and to the extent permitted by their national legislation and practice. Brokering DNs should be recorded on a separate database by the Council Secretariat, which will circulate it, together with the export licence DN database, on a monthly basis.

CHAPTER 2 - LICENSING PRACTICES

Section 1: Best practices in the area of end-user certificates

2.1.1 There is a common core of elements that should be in an end-user certificate when one is required by a Member State in relation to an export of items on the EU Common Military List. There are also some elements which might be required by a Member State, at its discretion.

2.1.2 The end-user certificate should at a minimum set out the following details:

- exporter's details (at least name, address and business name);
- end-user's details (at least name, address and business name). In the case of an export to a firm which resells the goods on the local market, the firm will be regarded as the end-user;
- country of final destination;
- a description of the goods being exported (type, characteristics), or reference to the contract concluded with the authorities of the country of final destination;
- quantity and/or value of the exported goods;
- signature, name and position of the end-user;
- the date of the end-user certificate;
- end-use and/or non re-export clause, where appropriate;
- indication of the end-use of the goods;

- an undertaking, where appropriate, that the goods being exported will not be used for purposes other than the declared use;
- an undertaking, where appropriate, that the goods will not be used in the development, production or use of chemical, biological or nuclear weapons or for missiles capable of delivering such weapons.

2.1.3 The elements which *might* be required by a Member State, at their discretion, are *inter alia*:

- a clause prohibiting re-export of the goods covered in the end-user certificate. Such a clause could, among other things:
 - contain a pure and simple ban on re-export;
 - provide that re-export will be subject to agreement in writing of the authorities of the original exporting country;
 - allow for re-export without the prior authorisation of the authorities of the exporting country to certain countries identified in the end-user certificate;
- full details, where appropriate, of the intermediary;
- if the end-user certificate comes from the government of the country of destination of the goods, the certificate will be authenticated by the authorities of the exporting country in order to check the authenticity of the signature and the capacity of the signatory to make commitments on behalf of its government;
- a commitment by the final consignee to provide the exporting State with a Delivery Verification certificate upon request.

Section 2: Assessment of applications for incorporation and re-export

2.2.1 As with all licence applications, Member States shall fully apply the Code of Conduct to licence applications for goods where it is understood that the goods are to be incorporated into products for re-export. However, in assessing such applications, Member States will also have regard inter alia to:

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

Section 3: Post-shipment verification

2.3.1. Whereas the emphasis of export controls remains on the pre-licensing phase, post-shipment control can be an important supplementary tool to strengthen the effectiveness of national arms export control.

Post-shipment measures, e.g. on-site inspections or delivery verification certificates, are particularly useful tools to help prevent diversion within the buyer country or re-export under undesirable conditions.

In order to share available information on a voluntary base, Member States implementing post-shipment control are invited to inform partners about their experience in this field and about knowledge of general interest gathered by post-shipment measures.

Section 4: The export of controlled equipment for humanitarian purposes

2.4.1 There are occasions on which Member States consider permitting the export of items on the Common Military List for humanitarian purposes in circumstances that might otherwise lead to a denial on the basis of the criteria in the Code of Conduct. In post-conflict areas, certain items can make important contributions to the safety of the civilian population and to economic reconstruction. Such exports are not necessarily inconsistent with the criteria. These exports, like all others, will be considered on a case-by-case basis. Member States will require adequate safeguards against misuse of such exports and, where appropriate, provisions for repatriation of the equipment.

Section 5: Definitions

2.5.1 The following definitions apply for the purposes of the Code of Conduct and Operative Provisions:

2.5.2 - 'Transit': movements in which the goods (military equipment) merely pass through the territory of a Member State

- Transshipment: transit involving the physical operation of unloading goods from the importing means of transport followed by a reloading (generally) onto another exporting means of transport

2.5.3 As defined in Article 2 of Council Common Position 2003/468/CFSP,

- 'Brokering activities' are activities of persons and entities:
 - negotiating or arranging transactions that may involve the transfer of items on the EU Common Military List from a third country to any other third country; or
 - who buy, sell or arrange the transfer of such items that are in their ownership from a third country to any other third country.

2.5.4 - 'Export licence' is a formal authorisation issued by the national licensing authority to export or transfer military equipment on a temporary or definitive basis. Export licences include:

- licences for physical exports, including where these are for the purpose of licensed production of military equipment;
- brokering licences;
- transit or transshipment licences;
- licences for any intangible transfers of software and technology by means such as electronic media, fax or telephone.

Given the wide divergence in procedures for the processing of applications by the national licensing authorities of Member States, information exchange obligations (e.g. denial notifications) should, where appropriate, be fulfilled at the pre-licence stage, e.g. for preliminary licences and licences to conduct marketing activities or contract negotiations.

Member States' legislation will indicate in which case an export licence is required."

CHAPTER 3 - CRITERIA GUIDANCE

Introduction to all criteria best practices

The purpose of these best practices is to achieve greater consistency among Member States in the application of the criteria of the EU Code of Conduct on Arms Exports by identifying factors to be considered when assessing export licence applications. They are intended to share best practice in the interpretation of the criteria rather than to constitute a set of instructions; individual judgement is still an essential part of the process, and Member States are fully entitled to apply their own interpretations. The best practices are for the use of export licensing officials and other officials in government departments and agencies whose expertise inter alia in regional, legal (e.g. human rights law, public international law), technical, development as well as security and military related questions should inform the decision-making process.

These best practices will be reviewed regularly, or at the request of one or more Member States, or as a result of any future changes to the wording of the Code of Conduct

How to apply Criterion 1

3.1.1. The EU Code of Conduct applies to all arms exports by Member States. Thus a priori Criterion 1 applies to exports to all recipient countries without any distinction. However, the best practices follow the principle that if there is a risk of breach of international commitments or obligations of Member States or the Community as a whole, a careful analysis of Criterion 1 should be carried out.

The purpose of Criterion 1 is to ensure in particular that the sanctions decreed by the UN, OSCE or EU, agreements on non-proliferation and other disarmament agreements, as well as other international obligations, are respected. All export licences should be assessed on a case-by-case basis and consideration should be given to Criterion 1 where there are concerns over the inconsistency with international commitments or obligations.

3.1.2. **Information sources:** Information on the risk of breach of international commitments or obligations shall be, first of all, sought from foreign affairs desk officers dealing with the particular country and with respective non-proliferation, disarmament or export control agreements. Equally recommended is the opinion of Member States diplomatic missions and other governmental institutions, including intelligence sources.

A common EU base of information includes country EU HOMs reports, the EU denials database, EU Watchlist, and EU Council conclusions/statements on respective countries or security issues. List of UN, OSCE and EU embargoed countries are updated regularly by the Council of the European Union and can be reached through regular information systems. The general guidelines on EU non-proliferation policy can be found in the EU Strategy against the proliferation of weapons of mass destruction, and non-proliferation clauses in bilateral agreements.

Documentation from the United Nations and other relevant organisations such as IAEA and OPCW would be helpful in defining requirements of particular international regimes or agreements, as well as in determining policy of the recipient country in this aspect.

A list of relevant Internet websites is contained in Annex 1.

Elements to consider when forming a judgment

3.1.3. Examination of Criterion 1 reveals that the following issues should be taken into account in the assessment:

- (a) the international obligations of Member States and their commitments to enforce United Nations, Organisation for Security and Cooperation in Europe and European Union arms embargoes

Member States should check the stated or probable destination of export and the location of end user against the embargoes enforced by UN, OSCE and EU. As the list of embargoed countries, non-state entities and individuals (such as terrorist groups and terrorists) is subject to regular changes, the utmost care should be given to take recent developments into account.

Countries, non-state entities and individuals subject to UN, OSCE and EU sanctions overlap to a large extent. However, the list of goods (both military and dual use) under several embargoes towards the same end-user may vary and the restrictions imposed may be either mandatory or non-mandatory. To assure unified EU interpretation of the scope of legally binding UN sanctions, relevant Security Council resolutions are incorporated into the EU law in the form of Council Common Position, and, where required, Council Regulation. Thus, in case of uncertainties concerning interpretation of mandatory UN sanctions, EU sanctions list should be consulted. As far as non-legally binding UN and OSCE sanctions are concerned, the interpretation is left to Member States.

When forming a judgment on issuing a license, in order to avoid conflicts with its international obligations, Member States should follow the strictest restrictions that are binding or applicable to them.

- (b) the international obligations of Member States under the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention

TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS (NPT)

NPT is a legally binding treaty. It acknowledges that States Parties have the right to participate in the fullest possible exchange of equipment, material and related information for the peaceful uses of nuclear energy. However, Article I of NPT puts an obligation on nuclear-weapon-States (NWS) not to transfer to any recipient whatsoever nuclear weapons or other nuclear devices. Under Article III paragraph 2 of NPT, nuclear-weapon-States and non-nuclear-weapon-States (NNWS) undertook not to transfer source or special fissionable material or equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any NNWS for peaceful purposes unless these items are subject to appropriate (IAEA) safeguards.

Items, material and equipment falling under the scope of the Treaty (Article I and III) :

- nuclear weapons or other nuclear explosive devices;
- source or special fissionable material;
- equipment or material especially designed or prepared for the processing, use or production of special fissionable material.

The NPT does not give a definition or specify detailed lists of the above devices and items. As for nuclear weapons or other nuclear explosive devices an UNIDIR¹ publication gives the following definition: Nuclear weapon is a weapon consisting of a nuclear explosive and a delivery system; nuclear explosive is a device that releases energy through nuclear fission or fission and fusion reaction (delivery system for nuclear explosives could be aerial bombs, ballistic and cruise missiles, artillery shells, naval mines and torpedoes, and landmines). For definition of the source or special fissionable material one should refer to the Statute of the IAEA (Article XX). Relevant information on nuclear and nuclear dual-use items and technologies can be found in the control lists of the Nuclear Suppliers Group and the Zangger Committee, as well as in the EU Military List (category ML 7a) and the annex of the Council Regulation EC No 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology as well as relevant Council Regulations imposing sanctions against certain countries..

¹ *Coming to terms with security, A Lexicon for Arms Control, Disarmament and Confidence Building (2004)*, UNIDIR Publication.

When forming a judgement on issuing a licence for goods and technologies covered by NPT, Members States should take into consideration whether the country of destination is a State Party to the NPT and the necessary IAEA safeguards are in force.

BIOLOGICAL AND TOXIN WEAPONS CONVENTION (BTWC)

BTWC is a legally binding treaty that bans the development, production, stockpiling, acquisition and retention of biological and toxin weapons and their means of delivery. However, it should be noted that under Article X of the Convention States Parties have the right to participate in the fullest possible exchange of equipment, material and related information in case it is intended for peaceful purposes.

The scope of the BTWC covers the following items (Article I):

- microbial or other biological agents, or toxins whatever their origin or method of production, of types and in quantities that have no justification for prophylactic, protective or other peaceful purposes;
- weapons, equipment or means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict.

The BTWC itself does not include a detailed list of the above items. Relevant information can be found in the EU Military List (ML 7), Australia Group control lists and in Annex I of Council Regulation EC No 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology.

When forming a judgement on issuing a licence for goods and technologies covered by BTWC, it should be taken into consideration that, according to BTWC:

- Export applications for biological agents of types and in quantities that have no justification for prophylactic, protective or other peaceful purposes are to be denied. (Possible peaceful purposes could be disease control or public health measures.)
- The transfer of any type of conventional weapon, military equipment or means of delivery designed to use such agents for hostile purposes or in armed conflict is forbidden.

CHEMICAL WEAPONS CONVENTION (CWC)

CWC is a legally binding treaty that bans the development, production, stockpiling, transfer and use of chemical weapons, and also stipulates their timely destruction. At the same time, it underlines the right of States Parties to participate in the international exchange of scientific information, chemicals and equipment for the purposes not prohibited in the Convention.

Chemical weapons mean as defined in Article II of CWC the following, together or separately:

- toxic chemicals (chemicals that can cause death, temporary incapacitation) and their precursors, except where intended for purposes not prohibited under CWC;
- munitions and devices, specifically designed to cause death or other harm through the toxic properties of those toxic chemicals specified above, which would be released as a result of the employment of such munitions and devices;
- any equipment specifically designed for use directly in connection with the employment of munitions and devices specified above.

The Convention has a comprehensive Annex on chemicals, forming an integral part of the CWC. Relevant information can also be found in the EU Military List (ML 7), Australia Group control lists and in Annex I of Council Regulation EC No 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology.

When forming a judgement on issuing a licence for goods covered by CWC, Members States should consider the following but non-exhaustive list of elements:

- General obligation of States Parties is to deny the transfer of chemical weapons as specified in Article II of CWC.

- The CWC Annex on chemicals comprises three so-called Schedules (chemical lists). The transfer regime for Schedule 1, Schedule 2 and Schedule 3 is detailed respectively in Part VI, Part VII and Part VIII of the CWC Verification Annex. Given the fact that there is overlap between ML7 list and the CWC Schedules, as a first step it should be determined whether the ML7 chemical agent or precursor in question is on the CWC schedules lists or not. Subsequently in case of an export application for a CWC schedule chemical the transfer rules as set out in the corresponding Part of the CWC Verification Annex should be followed.
- Research, medical, pharmaceutical or protective purposes are not prohibited under CWC.

(c) the commitments of Member States in the framework of the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, the Wassenaar Arrangement

Council regulation (EC) No 1334/2000 of 22 June 2000 set up a Community regime for control of exports of dual-use items and technology. The regulation contains in the annex a total list of all products subject to export controls and a list of the most critical dual-use products, which are subject to even more stringent rules. These lists could be used as a reference for most of the items covered by the Australia Group, the Missile Technology Control Regime, the Zangger Committee, the Nuclear Suppliers Group, the Wassenaar Arrangement and The Hague Code of Conduct against Ballistic Missile Proliferation.

THE AUSTRALIA GROUP (AG)

AG is an informal arrangement. Participants do not undertake any legally binding obligations: the effectiveness of the cooperation between participants depends solely on their commitment to chemical and biological weapons (CBW) non-proliferation goals and national measures aiming at preventing the spread of CBW.

The AG “no undercut policy” is the core element of the members’ commitments intended to ensure a common approach to controls on CBW-related exports. If one member denies an export of an AG-listed item for CBW non-proliferation reasons, all other members agree not to approve essentially identical export license applications without first consulting with the member that issued the original denial.

The transfer of AG-controlled chemicals or biological agents should only be authorized when the exporting member country is satisfied that there will be no CBW-related end use.

When forming a judgement on issuing a transfer licence, Member States should consider the following but non-exhaustive list of elements:

- The significance of the transfer in terms of the potential development, production or stockpiling of chemical or biological weapons;
- Whether the equipment, material, or related technology to be transferred is appropriate for the stated end-use;
- Whether there appears to be a significant risk of diversion to chemical or biological weapons programs;
- Whether a transfer has been previously denied to the end-user or whether the end-user has diverted for purposes inconsistent with non-proliferation goals any transfer previously authorized;
- Whether there are good grounds for suspecting that the recipients have been engaged in clandestine or illegal procurement activities;
- Whether there are good grounds for suspecting, or it is known, that the recipient state has or is pursuing chemical or biological warfare programs;
- Whether the end-user is capable of securely handling and storing the item transferred;
- Whether the exported goods are not intended for re-export. If re-exported, the goods would be properly controlled by the recipient government and satisfactory assurances that its consent will be secured prior to any retransfer to a third country would be obtained;

- Whether the recipient state as well as any intermediary states have effective export control systems;
- Whether the recipient state is a party to the Chemical Weapons Convention or Biological and Toxin Weapons Convention and is in compliance with its obligations under these treaties;
- Whether governmental actions, statements, and policies of the recipient state are supportive of chemical and biological weapons non-proliferation and whether the recipient state is in compliance with its international obligations in the field of non-proliferation.

MISSILE TECHNOLOGY CONTROL REGIME (MTCR)

The MTCR is an informal arrangement between countries which share the goals of non-proliferation of unmanned delivery systems capable of delivering weapons of mass destruction, and which seek to co-ordinate national export licensing efforts aimed at preventing their proliferation. The MTCR rests on adherence to common export policy guidelines (the MTCR Guidelines) applied to an integral common list of controlled items (the MTCR Equipment, Software and Technology Annex). Each member country has implemented the Guidelines in accordance with its national legislation and decisions on transfer applications are taken at the national level.

In the evaluation of transfer applications for Annex items, Member States shall take the following factors into account:

- Concerns about the proliferation of weapons of mass destruction;
- The capabilities and objectives of the missile and space programs of the recipient state;
- The significance of the transfer in terms of the potential development of delivery systems (other than manned aircraft) for weapons of mass destruction;

- The assessment of the end use of the transfers. Where the transfer could contribute to a delivery system for weapons of mass destruction, transfers should only be authorised on receipt of appropriate assurances from the Government of the recipient State that:
 - The items will be used only for the purpose stated and that such use will not be modified nor the items modified or replicated without the prior consent of the authorising Government;
 - Neither the items nor replicas nor derivatives thereof will be re transferred without the consent of the authorising Government;
- The applicability of relevant multilateral agreements;
- The risk of controlled items falling into the hands of terrorist groups and individuals;
- If a denial is issued by another member country for an essentially identical transfer, all other members agree not to approve essentially identical export license applications without first consulting with the member that issued the original denial.

THE NUCLEAR SUPPLIERS GROUP (NSG)

NSG is an informal arrangement, whose members seek to contribute to the non-proliferation of nuclear weapons through the implementation of Guidelines for nuclear exports and nuclear related exports. The NSG Guidelines are implemented by each Participating Government in accordance with its national laws and practices. Decisions on export applications are taken at the national level in accordance with national export licensing requirements.

The Basic Principle is that suppliers should not authorise transfers of equipment, materials, software, or related technology identified in the Annex:

- for use in a non-nuclear-weapon state in nuclear explosive activity or an unsafeguarded nuclear fuel-cycle activity, or

- in general, when there is an unacceptable risk of diversion to such an activity, or when the transfers are contrary to the objective of averting the proliferation of nuclear weapons, or
- when there is an unacceptable risk of diversion to acts of nuclear terrorism.

In considering whether to authorise nuclear or nuclear-related transfers, in accordance with NSG, Member States should exercise prudence in order to carry out the Basic Principle and should take relevant factors into account, including:

- Whether the recipient state is a party to the NPT or to the Treaty for the Prohibition of Nuclear Weapons in Latin America, or to a similar international legally-binding nuclear non-proliferation agreement, and has an IAEA safeguards agreement in force applicable to all its peaceful nuclear activities;
- Whether any recipient state that is not party to the NPT, Treaty for the Prohibition of Nuclear Weapons in Latin America, or a similar international legally-binding nuclear non-proliferation agreement has any unsafeguarded nuclear fuel-cycle activity, which is not subject to IAEA safeguards;
- Whether the nuclear related technology to be transferred is appropriate for the stated end-use and whether that stated end-use is appropriate for the end-user;
- Whether the nuclear related technology to be transferred is to be used in research on or development, design, manufacture, construction, operation, or maintenance of any reprocessing or enrichment facility;
- Whether governmental actions, statements, and policies of the recipient state are supportive of nuclear non-proliferation and whether the recipient state is in compliance with its international obligations in the field of non-proliferation;
- Whether the recipients have been engaged in clandestine or illegal activities; and

- Whether a transfer has not been authorised to the end-user or whether the end-user has diverted for purposes inconsistent with the Guidelines any transfer previously authorised.
- Whether there is reason to believe that there is a risk of diversion to acts of nuclear terrorism;
- Whether there is a risk of retransfers of equipment, material, software, or related technology identified in the Annex or of transfers on any replica thereof to the Basic Principle, as a result of a failure by the recipient State to develop and maintain appropriate, effective national export and transshipment controls, as identified by UNSC Resolution 1540.

THE WASSENAAR ARRANGEMENT (WA)

WA on Export Controls for Conventional Arms and Dual-Use Goods and Technologies is an informal export control regime. Membership in WA does not create legal obligations for Participating States. The decision to transfer or deny transfer of any item is the sole responsibility of each Participating State. All measures with respect to the Arrangement are taken in accordance with national legislation and policies, and are implemented on the basis of national discretion.

National policies, including decisions to approve or refuse license, are guided by Best Practices, Guidelines or Elements agreed within the Arrangement. To date Participating States have adopted Elements for Objective Analysis and Advice Concerning Potentially Destabilising Accumulations of Conventional Weapons, Statement of Understanding on Intangible Transfers of Software and Technology, Best Practice Guidelines for Exports of Small Arms and Light Weapons (SALW), Elements for Export Controls of Man-Portable Air Defence Systems (MANPADS) and Statement of Understanding on Control of Non-Listed Dual-Use Items².

² For full texts of these documents please see the WA Website (<http://www.wassenaar.org/guidelines>).

In considering whether to authorise transfers of goods listed by WA, Member States should take into account that principle commitments under WA include:

- maintaining national export controls on items listed in the Control Lists;
- exchanging, on a voluntary basis, information that enhances transparency on arms transfers, as well as on sensitive dual-use goods and technologies;
- for items in Munitions list exchanging information every six months on deliveries to non-participating states of conventional arms;
- for items in the Dual-Use List notifying all licences denied to non-participating states, on an aggregate basis, twice per year;
- for items in the List of Sensitive Items and the List of Very Sensitive Items, notifying all licences denied to non-participating states on an individual basis and all licenses issued to non-participating states, on an aggregate basis, twice per year;
- notifying Participating States of an approval of a licence which has been denied by another Participating State for an essentially identical transaction during the last three years (undercut notification). The decision to transfer or deny transfer of any item is the sole responsibility of each Participating State.

Although not mentioned in Criterion 1 of the EU Code of Conduct on Arms Exports, the Zangger Committee and the Hague Code of Conduct against the Proliferation of Ballistic Missiles are of considerable importance when forming a judgement with regard to Criterion 1:

ZANGGER COMMITTEE

The Zangger Committee is an informal arrangement which significantly contributes to the interpretation of article III, paragraph 2, of the Nuclear Non-Proliferation Treaty (NPT) and thereby offers guidance to all parties to the Treaty.

In the evaluation of transfer applications for items covered by the Zangger Committee, Member States shall take the following factors into account:

- Provision of source or special fissionable material to any non-nuclear-weapon State for peaceful purposes is not allowed unless the source or special fissionable material is subject to safeguards under an agreement with the International Atomic Energy Agency (IAEA);

- If the Government wishes to supply source or special fissionable material for peaceful purposes to such a State, it will:
 - specify to the recipient State, as a condition of supply, that the source or special fissionable material or special fissionable material produced in or by the use thereof shall not be diverted to nuclear weapons or other nuclear explosive devices; and
 - satisfy itself that safeguards to that end, under an agreement with the Agency and in accordance with its safeguards system, will be applied to the source or special fissionable material in question;
- In the case of direct exports of source or special fissionable material to non-nuclear-weapon States not party to the NPT, the Government will satisfy itself, before authorising the export of the material in question, that such material will be subject to a safeguards agreement with the IAEA as soon as the recipient State takes over responsibility for the material, but no later than the time the material reaches its destination;
- The Government, when exporting source or special fissionable material to a nuclear-weapon State not party to the NPT, will require satisfactory assurances that the material will not be re-exported to a non-nuclear-weapon State not party to the NPT unless arrangements are made for the acceptance of IAEA safeguards by the State receiving such re-export;
- An Annual Return regarding exports of source and fissionable material to non-nuclear-weapon States not party to the NPT shall be submitted.

HAGUE CODE OF CONDUCT AGAINST THE PROLIFERATION OF BALLISTIC MISSILES (HCoC)

The HCoC is a politically binding non-proliferation instrument which addresses the problem of ballistic missiles capable of delivering WMD. A central aim of the Code is to increase transparency and confidence among Subscribing States by implementing specific confidence building measures, namely pre-launch notifications of ballistic missile and space-launch vehicle launches and annual declarations of ballistic missile and space launch vehicle policies.

When forming a judgement on issuing a licence, Member States should take into consideration whether or not a state has subscribed to the HcoC and its core principles:

- The urgency to prevent and curb the proliferation of ballistic missiles capable of delivering WMD;
- The importance of strengthening multilateral disarmament and non-proliferation instruments;
- The recognition that States should not be excluded from utilising the benefits of space for peaceful purposes, but that in doing so, they must not contribute to the proliferation of ballistic missiles capable of delivering WMD;
- The necessity of appropriate transparency measures on ballistic missile and space launch vehicle programmes.

(d) the commitment of Member States not to export any form of anti-personnel landmine

The most comprehensive international instrument dealing with anti-personnel mines is the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (so called Ottawa Convention). State Parties to the Convention took on the obligation, among others, not to export anti-personnel mines, except for the purpose of destruction. In addition, they agreed not to assist, encourage or induce, in any way, anyone to engage in any activity prohibited to a State Party.

Some countries, although not State Parties to the Ottawa Convention, announced an export moratorium on anti-personnel landmines.

When forming a judgement on issuing a licence, in accordance with their international obligations, Member States who are State Parties to the Ottawa Convention or, alternatively, took on the political obligation not to export anti-personnel landmines, shall refuse such an export, unless it is deemed for purpose of destruction.

3.1.4. ***Arriving at a judgment.*** Based on the assessment presented above, Member States will reach a judgment as to whether the export would represent a breach of international commitments and obligations of the Member State or the Community, and if it should be refused.

Non-exhaustive list of Internet websites of relevant information sources includes:

List of EU sanctions (DG External Relations, Council of the EU):

http://ec.europa.eu/comm/external_relations/cfsp/sanctions/measures.htm

List of embargoes in force (SIPRI):

<http://www.sipri.org/contents/armstrad/embargoes.html>

International Atomic Energy Agency (NPT):

www.iaea.org

The United Nations Office at Geneva (Disarmament, BTWC):

www.unog.ch

Organisation for the Prohibition of Chemical Weapons (CWC):

www.opcw.org

International Campaign To Ban Landmines:

www.icbl.org

Geneva International Centre for Humanitarian Demining:

www.gichd.ch

Australia Group:

www.australiagroup.net

MTCR:

www.mtc.info

Zangger Committee:

www.zanggercommittee.org

Nuclear Suppliers Group:

www.nuclearsuppliersgroup.org

Wassenaar Arrangement:

www.wassenaar.org

Hague Code of Conduct against the Proliferation of Ballistic Missiles (HCOC):

www.bmaa.gv.at

Section 2: Best practices for the interpretation of Criterion 2

How to apply Criterion 2

3.2.1 The EU Code of Conduct applies to ALL arms exports by Member States. Thus a priori Criterion 2 applies to exports to all recipient countries without any distinction. However, because Criterion 2 establishes a link with the respect for human rights by the recipient country, special attention should be given to arms exports to countries where there are indications of human rights violations.

3.2.2 **Information sources:** A common EU base of information sources available to all Member States consists of EU HOMs reports, EU human rights fact sheets and in certain cases EU Council statements/conclusions on the respective recipient countries. These documents normally already take into account information available from other international bodies and information sources. However, because of the essential case-by-case analysis and the specificity of each licence application, additional information might be obtained as appropriate from:

- Member States diplomatic missions and other governmental institutions,
- Documentation from the United Nations, the ICRC and other international and regional bodies,
- Reports from international NGOs,
- Reports from local human rights NGOs and other reliable local sources,
- Information from civil society.

Furthermore the EU has designed and adopted specific guidelines to serve as a framework for protecting and promoting human rights in third countries, such as the Guidelines on the death penalty, torture, children and armed conflict and human rights defenders. A non-exhaustive list of relevant internet websites is contained in Annex I.

Elements to consider when forming a judgement

3.2.3 **Key concepts:** Examination of Criterion 2 reveals several key concepts which should be taken into account in any assessment, and which are highlighted in the following text.

“Having assessed the recipient country's attitude towards relevant principles established by international human rights instruments, Member States will:

- (a) not issue an export licence if there is a clear risk that the proposed export might be used for internal repression.
- (b) exercise special caution and vigilance in issuing licences, on a case-by-case basis and taking account of the nature of the equipment, to countries where serious violations of human rights have been established by the competent bodies of the UN, the Council of Europe or by the EU.

For these purposes, equipment which might be used for internal repression will include, inter alia, equipment where there is evidence of the use of this or similar equipment for internal repression by the proposed end-user, or where there is reason to believe that the equipment will be diverted from its stated end-use or end-user and used for internal repression. In line with paragraph 1 of the Operative Provisions of this Code, the nature of the equipment will be considered carefully, particularly if it is intended for internal security purposes. Internal repression includes, inter alia, torture and other cruel, inhuman and degrading treatment or punishment, summary or arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.”

In assessing whether there is a clear risk that a proposed export might be used for internal repression Member States should consider the current and past record of the proposed end- user with regard to respect for human rights and that of the recipient country in general. The latter includes the policy line of recipient country’s government; recent significant developments, including inter alia impact of "fight against terrorism”; effective protection of human rights in constitution; human rights training among key actors (e.g. law enforcement agencies); impunity for human rights violations; independent monitoring bodies and national institutions for promotion or protection of human rights.

3.2.4. ***International human rights instruments:*** A non-exhaustive list of the main international and regional instruments is contained in Annex II.

These instruments and their respective additional protocols represent the main international norms and standards in the areas of human rights and fundamental freedoms. They guarantee civil and political rights (such as inter alia right to life; prohibition of slavery and forced labour; liberty and security of person; equality before the law; fair trial and effective remedy; freedom of expression and information; freedom of assembly; freedom of movement; freedom of thought, conscience and religion; right to seek and enjoy asylum); women’s rights; children’s rights; non-discrimination; rights of minorities and indigenous peoples; economic, social and cultural rights.

3.2.5 ***The recipient country's attitude:*** The following indicators should, as appropriate, be taken into account when assessing a country's respect for, and observance of all human rights and fundamental freedoms:

- the commitment of the recipient country's Government to respect and improve human rights and to bring human rights violators to justice
- the implementation record of relevant international and regional human rights instruments through national policy and practice
- the ratification record of the country in question with regard to relevant international and regional human rights instruments
- the degree of cooperation with international and regional human rights mechanisms (eg UN treaty bodies and special procedures)
- the political will to discuss domestic human rights issues in a transparent manner, for instance in the form of bilateral or multilateral dialogues, with the EU or with other partners including civil society

3.2.6 ***Serious violations of human rights:*** In the Vienna Declaration and Programme of Action adopted at the World Conference on Human Rights in Vienna in June 1993, the solemn commitment of all States to fulfil their obligations to promote universal respect for, and observance and protection of, all human rights and fundamental freedoms for all in accordance with the Charter of the United Nations, other instruments relating to human rights, and international law was reaffirmed. Equally reaffirmed were the principles of universality, indivisibility, interdependence and interrelatedness of all human rights.

Regarding the qualification of a human rights violation as "serious", each situation has to be assessed on its own merits and on a case-by-case basis, taking into account all relevant aspects. Relevant factor in the assessment is the character/nature and consequences of the actual violation in question. Systematic and/or widespread violations of human rights underline the seriousness of the human rights situation. However, violations do not have to be systematic or widespread in order to be considered as "serious" for the criterion 2 analysis. According to Criterion 2, a major factor in the analysis is whether the competent bodies of the UN, the EU or the Council of Europe (as listed in Annex III) have established that serious violations of human rights have taken place in the recipient country. In this respect it is not a prerequisite that these competent bodies explicitly use the term "serious" themselves; it is sufficient that they establish that violations have occurred. The final assessment whether these violations are considered to be serious in this context must be done by Member States. Likewise, the absence of a decision by these bodies should not preclude Member States from the possibility of making an independent assessment as to whether such serious violations have occurred.

3.2.7 *Internal repression, clear risk, "might", case by case:* The text of the Criterion gives an ample set of examples of what constitutes internal repression. But assessing whether or not there is a clear risk that the proposed export might be used to commit or facilitate such acts requires detailed analysis. The combination of “clear risk” and “might” in the text should be noted. This requires a lower burden of evidence than a clear risk that equipment will be used for internal repression.

An analysis of clear risk must be based upon a case-by-case consideration of available evidence of the history and current prevailing circumstances in the recipient state/regarding the proposed end-user, as well as any identifiable trends and/or future events that might reasonably be expected to precipitate conditions that might lead to repressive actions (e.g. forthcoming elections). Some initial questions that might be asked are:

- Has the behaviour of the recipient state/ the proposed end-user been highlighted negatively in EU Council statements/conclusions?
- Have concerns been raised in recent reports from EU Heads of Mission in the recipient state/regarding the proposed end-user?
- Have other international or regional bodies (e.g. UN, Council of Europe or OSCE) raised concerns?
- Are there consistent reports of concern from local or international NGOs and the media?

It will be important to give particular weight to the current situation in the recipient state before confirming any analysis. It may be the case that abuses have occurred in the past but that the recipient state has taken steps to change practices in response to domestic or international pressure, or an internal change in government. It might be asked:

- Has the recipient state agreed to external or other independent monitoring and/or investigations of alleged repressive acts?
- If so, how has it reacted to/implemented any findings?
- Has the government of the recipient state changed in manner that gives confidence of a change in policy/practice?
- Are there any EU or other multilateral or bilateral programmes in place aimed at bringing about change/reform?

Mitigating factors such as improved openness and an on-going process of dialogue to address human rights concerns in the recipient state may lead to the possibility of a more positive assessment. However, it is important to recognise that a lengthy passage of time since any highly publicised instances of repression in a recipient state is not on its own a reliable measure of the absence of clear risk. There is no substitute for up-to-date information from reliable data sources if a proper case-by-case assessment is to be made.

3.2.8 ***The nature of the equipment*** is an important consideration in any application. It is vital that any assessment of equipment under Criterion 2 be realistic (i.e. are the items in question really useable as a tool of repression?). But it is also important to recognise that a wide variety of equipment has a track record of use to commit or facilitate repressive acts. Items such as Armoured Personnel Carriers (APCs), body armour and communications/surveillance equipment can have a strong role in facilitating repression.

3.2.9 ***The end-user*** is also a strongly linked consideration. If intended for the police or security forces, it is important to establish to exactly which branch of these forces in a recipient state the items are to be delivered. It should also be noted that there is no strict rule as to which branches of the security apparatus may have a role in repression. For example, the army may have a role in many states, while in others it may have no record of such a role.

Some initial questions might include:

- Is there a record of this equipment being used for repression in the recipient state or elsewhere?
- If not, what is the possibility of it being used in the future?
- Who is the end-user?
- What is the end-user's role in the recipient state?
- Has the end-user been involved in repression?
- Are there any relevant reports on such involvement?

3.2.10 ***Diversion.*** The question of internal diversion also needs consideration. There may be clues to this in the nature of the equipment and the end-user. It might be asked:

- Does the stated end-user have a legitimate need for this equipment? Or are the items in question more appropriate to another branch of the security apparatus?
- Would we issue a licence if the end-user were another part of the security apparatus of the recipient state?
- Do the different branches of the security forces have separate procurement channels? Is there a possibility that equipment might be redirected to a different branch?

3.2.11 ***Arriving at a judgement.*** Based on information and assessment of elements suggested in paragraphs 3.2.4 - 3.2.10 above Member States will reach a judgement on whether the proposed export should be denied on the basis of Criterion 2.

INTERNET WEBSITES OF RELEVANT INFORMATION SOURCES INCLUDE:

Office of the United Nations High Commissioner for Human Rights (www.ohchr.org)

United Nations (www.un.org; <http://untreaty.un.org>)

International Committee of the Red Cross (www.icrc.org)

Council of Europe (www.coe.int)

European Union (<http://europa.eu>)

Organization for Security and Co-operation in Europe (www.osce.org)

Organization of American States (www.oas.org)

African Union (www.africa-union.org)

Amnesty International (www.amnesty.org)

Human Rights Watch (www.hrw.org)

Fédération internationale des ligues des droits de l'homme (www.fidh.org)

Organisation mondiale contre la torture (www.omct.org)

Association for the Prevention of Torture (www.apr.ch)

International Commission of Jurists (www.icj.org)

OTHER INFORMATION SOURCES INCLUDE:

International Criminal Court and ad hoc tribunals

International agencies operating in the recipient state

International Crisis Group

Coalition to Stop the Use of Child Soldiers

Small Arms Survey

SIPRI and other research institutes

Military manuals (instructions to armed forces)

CORE INTERNATIONAL AND REGIONAL HUMAN RIGHTS INSTRUMENTS

UNITED NATIONS:

International Covenant on Economic, Social and Cultural Rights
(CESCR);

International Covenant on Civil and Political Rights (CPPR);

Optional Protocol to the International Covenant on Civil and Political Rights (CPPR-OP1);

Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition
of the death penalty (CPPR-OP2-DP);

International Convention on the Elimination of All Forms of Racial Discrimination (CERD);

Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW);

Optional Protocol to the Convention on the Elimination of All Forms of Discrimination Against Women
(CEDAW-OP);

Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (CAT);

Optional Protocol to the Convention Against Torture (CAT-OP);

Convention on the Rights of the Child (CRC);

Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed
conflict (CRC-OP-AC);

Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and
child pornography (CRC-OP-SC);

1951 Convention on the Status of Refugees;

1967 Protocol relating to the status of refugees;

Rome Statute of the International Criminal Court

REGIONAL INSTRUMENTS:

WITH RESPECT TO MEMBER STATES OF THE COUNCIL OF EUROPE:

European Convention on Human Rights, including protocols 6 and 13 concerning the abolition of the death
penalty;

European Convention for the Prevention of Torture;

WITH RESPECT TO MEMBER STATES OF THE ORGANIZATION OF AMERICAN STATES:

Inter-American Convention on Human Rights;

Additional Protocol to the American Convention of Human Rights in the area of Economic, Social and Cultural Rights, Protocol of San Salvador;

Protocol to the American Convention on Human Rights to abolish the death penalty;

Inter-American Convention on Forced Disappearance of Persons;

Inter-American Convention to Prevent and Punish Torture;

WITH RESPECT TO MEMBER STATES OF THE AFRICAN UNION:

African Charter on Human and People's Rights;

Protocol to the African Charter on Human and People's Rights on the Establishment of an African Court on Human and Peoples' Rights;

Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa;

African Charter on Rights and Welfare of the Child;

WITH RESPECT TO MEMBER STATES OF THE ARAB LEAGUE:

Arab Charter on Human Rights

COMPETENT BODIES OF THE UN, THE COUNCIL OF EUROPE OR THE EU TO ESTABLISH
SERIOUS VIOLATIONS OF HUMAN RIGHTS ARE:

UNITED NATIONS:

The General Assembly (including country-specific resolutions)

The Security Council

Human Rights Council and the Economic and Social Council

The Office of the United Nations High Commissioner for Human Rights

Special procedures and other mandate-holders

The treaty bodies

COUNCIL OF EUROPE:

The Ministerial Committee of the Council of Europe

Parliamentary Assembly

European Court of Human Rights

The Council of Europe Commissioner for Human Rights

European Commission against Racism and Intolerance (ECRI)

European Committee for the Prevention of Torture (CPT)

EUROPEAN UNION:

The European Council

Statements by CFSP bodies

Country-specific common positions and declarations of the EU

EU Annual human rights report

EU HOMs human rights reports and EU human rights fact sheets

Resolutions and declarations by the European Parliament

Section 3: Best practices for the interpretation of Criterion 3

How to apply Criterion 3

3.3.1 The EU Code of Conduct applies to all exports, by Member States, of military equipment and technology included in the Common Military List, and dual use items as specified in operative paragraph 6 of the Code of Conduct. Criterion 3 applies to all recipient countries without distinction. However, these best practices follow the principle that if there is an armed conflict or if there are internal tensions in the country of destination, a careful analysis should be carried out of the risk of this proposed export provoking or prolonging the conflict or aggravating the existing tensions and escalating them into a wider conflict. If the analysis shows a risk of this happening, a restrictive approach should be adopted towards the export licence under consideration. Particular attention should be given to the role of the end-user in this conflict. All export licences should be assessed on a case-by-case basis and consideration should be given to criterion 3 where there are concerns over the existence of tensions or armed conflicts.

3.3.2 **Information sources:** Information on whether there is a risk the equipment would provoke or prolong armed conflicts, or aggravate existing tensions or conflicts in the country of final destination, should be sought from a Member State's mission in the country concerned, as well as from the Foreign Ministry country desk.

A common EU base of information sources available to all Member States consists of EU HOMs reports, EU reports, and in some cases, EU Council statements/conclusions on the respective recipient country. The EU Watchlist contains destinations that may deserve particular attention with respect to Criterion 3. When consulting other Member States on their denials to an area of concern, Member States are encouraged to share their analysis and interpretation of the internal situation in the country of final destination.

Wider Internet and intelligence reports – from national intelligence services - are also helpful, especially when assessing the possible increase in capabilities.

Additional information can be obtained from:

- Local UN/EU/OSCE missions
- Documentation from the UN (UNGA, UNSC), International Criminal Court and/or other international and regional bodies;
- Research institutes (e.g. SIPRI)
- Reports from international NGOs;
- Information from local and regional NGOs / civil society.

A non-exhaustive list of relevant internet websites is contained as Annex I.

Elements to consider when forming a judgement

3.3.3 **Key concepts:** Examination of Criterion 3 reveals several key concepts which should be taken into account in any assessment, and which are highlighted below.

Internal situation

“Internal situation” refers to the economic, social and political developments and stability within the borders of the country of final destination. The EU Code of Conduct elsewhere also refers to the “country of final destination” as the “recipient country”.

Function of the existence of tensions or armed conflicts

“Tensions” refers to unfriendly or hateful relations between different groups, or groups of individuals, of the society based either on race, colour, sex, language, religion, political or other opinion, national or social origin, interpretation of historic events, differences in economic wellbeing or ownership of property, sexual orientation, or other factors. Tensions could be at the origin of tumult or violent actions, or a cause for the creation of private militia not controlled by the State.

“Armed conflicts” refers to the escalation of the tensions between above mentioned groups to the level in which any of the groups uses arms against others.

In considering an export licence application the competent authority must assess the internal situation of the country of destination; possible participation and role of the end-user in the internal conflict or tensions and the probable use of the proposed export in the conflict. In assessing the potential risks in the recipient country the competent authority might ask the following questions:

- What is the end-use of the proposed export (military technology or equipment)? Would the export be used to enforce internal security or to continue with the hostilities?
- Is the military equipment or technology intended to support internationally-sanctioned peace-keeping/peace enforcing operations or humanitarian interventions?
- Is the end-user participating or closely related to a party involved in the armed conflict within the country? What is the role of the end-user in the conflict?
- If components or spares are being requested, is the recipient state known to operate the relevant system in armed conflict in the country?
- Have there been recent reports that the existing tensions might be aggravating? Is there a risk that the existing tensions might turn into an armed conflict when one or more of the participants gain access to the military equipment and technology to be exported?
- Is the recipient country subject to regional or UN embargoes because of the internal situation in the country (see also criterion1)?

The nature of the equipment

The nature of equipment will impact the judgement of whether to approve or refuse a licence. Consideration should be given as to whether the equipment or technology to be exported actually is related, directly or indirectly, to the tensions or conflicts in the country of final destination. This will be all the more important when there already is an existing armed conflict.

Some questions to consider might be:

- Is the export in nature such, that it is or could be used in an armed conflict within the country of final destination?
- Is there a risk that the existing internal tensions might turn into an armed conflict when the proposed end-user obtains access to this military equipment and technology?

The end-user

The end-user also plays an important role in the analysis. If there are concerns related to criterion 3, it is important to establish exactly for which branch of the armed forces, police or security forces the export is intended. For example, in a recipient country the army and police might be involved in an armed conflict in which the navy has no role. In this respect, the risk of internal diversion should also be considered.

More complex cases arise when equipment may be going to a research institute or private company. Here a judgement should be made on the likelihood of diversion, and the views on criterion 3 should be based on the other criteria, specifically concerns related to criterion 7, the risk of diversion.

The following might be considered:

- What is the end-user's role in the recipient state? Is the end-user part of the problem, or rather attempting to be part of the solution?
- Is the end-user involved in the internal armed conflict or tensions?
- Are there any relevant reports of such involvement?

3.3.4 *Arriving at a judgement*

Based on information and the over-all risk assessment as suggested in the paragraphs above, Member States will reach a judgement on whether the proposed export should be denied on the basis of Criterion 3.

Non-exhaustive list of Internet websites of relevant information sources include:

United Nations

(www.un.org/peace/)

1540 Committee

(<http://disarmament2.un.org/Committee1540>)

OSCE/arms controls

(www.osce.org/activities/13014.html)

European Union

(www.consilium.europa.eu)

Section 4: Best practices for the interpretation of Criterion 4

How to apply Criterion 4

3.4.1 The EU Code of Conduct applies to all exports by Member States of military equipment and technology included in the Common Military List and dual use items as specified in operative paragraph 6 of the Code of Conduct. Criterion 4 applies to all recipient countries without distinction. However, these best practices follow the principle that where there is a greater risk of regional conflict, greater scrutiny of criterion 4 is required than in cases where there is a lesser risk. All export licences should be assessed on a case-by-case basis and consideration given to criterion 4 where there are concerns over the preservation of peace, security and stability in the region.

The purpose of criterion 4 is to ensure that any export does not encourage, aggravate, provoke or prolong conflicts or tensions in the region of the intended recipient country. The criterion makes a distinction between the intention to use the proposed export for aggressive as opposed to defensive purposes. The criterion is not intended to preclude exports to countries that are (potential) victims of aggression or a threat of aggression. A careful assessment would need to be carried out as to whether there are sound indications of an intention by the intended recipient country to use the proposed export to attack, potentially attack or threaten to attack another country.

3.4.2 *Information sources*

Information on whether the equipment is a risk to the preservation of the regional peace, security and stability should be sought from a Member State's mission in the country concerned, as well as from Foreign Ministry country desks; both desks responsible for the recipient country and those responsible for the threatened/aggressor country.

A common EU base of information sources available to all Member States consists of EU HOMs reports, EU reports, and in some cases, EU Council statements/conclusions on the respective recipient country and the region. Extensive use of the EU SitCen (Country Risk Assessment) could be made. The EU Watchlist contains destinations that may deserve particular attention with respect to criterion 4. When consulting other Member States on their denials to an area of concern, the Member States are encouraged to share their analysis and interpretation of the regional situation.

The wider Internet and intelligence reports – from national intelligence services - are also helpful, especially when assessing the possible increase in capabilities.

Additional information can be obtained from:

- Local UN/EU/OSCE missions
- Documentation from the UN (UNGA, UNSC, UN Arms register), International Criminal Court and/or other international and regional bodies;
- Research institutes (e.g. SIPRI)
- Reports from international NGOs;
- Information from local and regional NGOs / civil society.

A non-exhaustive list of relevant internet websites is contained as Annex I.

Elements to consider when forming a judgement

3.4.3 *Key concepts*

Preservation of regional peace, security and stability

Member States will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim.

All nations have the right to defend themselves according to the UN Charter. This criterion addresses the issue of whether the recipient state has intentions to use or threaten to use the proposed export aggressively against another country. An assessment should therefore be made of the recipient's intentions, as well as whether the import is an appropriate and proportionate response to the recipient country's need to defend itself, to ensure internal security, and assist in international peace-keeping and humanitarian operations.

Licence applications to sensitive and potentially sensitive destinations are carefully assessed on a case-by-case basis, especially when the export destination regards a country that is or has been involved in armed conflict. When analysing whether there is a clear risk, the history of armed conflict and the current prevailing circumstances in the recipient state and the region should be taken into consideration, as well as any identifiable trends and/or future events that might reasonably be expected to heighten tensions or lead to aggressive actions.

The wording 'will not issue' in this criterion means that if in the assessment of a licence application it has been established that there is a clear risk that the proposed export would be used aggressively against another country or to assert by force a territorial claim, the export licence must be denied regardless of the outcome of the analysis with respect to the other criteria of the Code of Conduct, or any other considerations.

When considering these risks, Member States will take into account inter alia:

(a) *the existence or likelihood of armed conflict between the recipient and another country*

For the purposes of this element, a judgement will have to be made as to whether there is a clear risk that this equipment will be used in an existing armed conflict between the recipient country and its neighbours or another conflict in the region. Where there is no armed conflict, the regional situation should be considered. Growing tensions in the region, increased threats of conflict or weakly held peace arrangements are examples of where there is a likelihood of a conflict, putting

the preservation of the regional peace, security and stability at risk. In these cases, a judgement would need to be made as to whether there is a clear risk that supplying this piece of equipment would hasten the advent of conflict, for instance by giving the recipient country an advantage over its neighbours or others in the region. Where the equipment to be exported will add to the military capability of the recipient country, a judgement will have to be made as to whether there is a clear risk that this equipment will prolong an existing conflict or bring simmering tensions into armed conflict.

The following questions are indicators that may be taken into consideration as appropriate:

- Is there an existing conflict in the region?
- Is the current situation in the region likely to lead to an armed conflict?
- Is the threat of conflict theoretical / unlikely or is it a clear and present risk?

(b) *a claim against the territory of a neighbouring country which the recipient has in the past tried or threatened to pursue by means of force;*

An assessment should be made on whether there is a clear risk that the recipient country will by armed conflict or threat of force assert a territorial claim on a neighbouring country. Such a territorial claim might be stated as an official position or be voiced by official representatives or relevant political forces of the recipient country and could relate to land, sea or arial space. The neighbouring country does not have to be the direct neighbour of the recipient country.

That there have been recent claims by the recipient country on another's territory should be factored in, when making a judgement. Where the recipient country has tried in the past to pursue by force a territorial claim or is threatening to pursue a territorial claim, a judgement should be made as to whether the nature of this equipment will let it seem probable, that it would be used in such a case and as to whether it would give the recipient country an additional capability to try to pursue again this claim by force, thus destabilising the region.

The following questions are indicators that may be taken into consideration as appropriate:

- Is the recipient country pursuing a claim against the territory of a neighbouring country?
- Has a territorial claim led to conflict in the region, or underlying tensions between the recipient country and its neighbours?
- Has the recipient country tried to resolve the issue through peaceful means, has it tried in the past to assert by force its territorial claim, or has it threatened to pursue its territorial claim by force?

(c) *whether the equipment would be likely to be used other than for the legitimate national security and defence of the recipient*

When assessing this element of Criterion 4, the exporting state should estimate whether the recipient state has expressed an aggressive military doctrine, and the likelihood of the requested equipment being used in accordance with this doctrine. The exporting state should also estimate whether the requested equipment is compatible with, or constitutes a necessary addition to or replacement of, existing armament systems in the defence forces of the recipient state. It may also be relevant to take into account the quantity and quality of the equipment to be exported.

(d) *the need not to affect adversely regional stability in any significant way*

A judgement on this criterion will have to be made on whether supplying the recipient country with the equipment will significantly improve their military capability, and if it does, would a neighbouring country as a result be put under threat of conflict. Where there are existing tensions in the region, would supplying this equipment enhance the recipient country's capability by introducing a new piece of equipment into the region which could threaten a neighbouring country.

The following questions are indicators that may if appropriate be taken into consideration:

- Why does the recipient wish to acquire the equipment or technology?
- Is this equipment simply a replacement or for maintenance for existing items that might be old or in disrepair, or is the recipient developing new capabilities, such as a significantly improved air strike capability?

The nature of the equipment

The nature of the equipment to be exported will impact the judgement of whether to approve or refuse a licence. Consideration should be given as to whether there is a clear risk that the equipment can be used in a conflict between the recipient country and its neighbours. This will be used to a greater extent where there are existing regional tensions or an existing armed conflict. Where there are existing tensions, the type of equipment is all the more important as the equipment could significantly increase the recipient country's capability to move to armed conflict or threaten armed conflict. Could a neighbouring country be moved to increase its arms imports due the export of this equipment? Given tensions in certain regions, an export could be seen as an increase in threat to a neighbouring country, and thus consideration of this question becomes vital.

Some questions to consider might be:

- Would the recipient's capability be enhanced by the export, and if so, would it be enhanced to the point where an existing power balance would be upset? Given the circumstances in the recipient country and its intentions, would an enhanced capability present a clear risk of hastening the advent of conflict?
- Would a neighbouring country feel threatened by the military technology or equipment to be exported?
- Is there a risk that the existing regional tensions might turn into an armed conflict when one or more of the participants obtains access to this military equipment and technology?
- Is the export in nature such, that it is or could be used in an armed conflict within the region? What is the likelihood of this equipment being used in a conflict?

The end-user

A judgement would have to be made on whether the end user would allow this equipment to be used in a manner inconsistent to Criteria 4. If it is going directly to the military/government, a decision has to be made on whether the equipment will be used in any military action against another country.

More complex cases arise when equipment may be going to a research institute or private company. Here a judgement should be made on the likelihood of diversion, and views on criterion 4 should be based on the other criteria, specifically concerns related to criterion 7, the risk of diversion.

The following might be considered:

- Is the export likely to be deployed in conflict with a neighbouring state? Or would it most likely go to the Police / a UN contribution, or some other branch of the security forces not directly connected to the criterion 4 concern?

3.4.4 ***Arriving at a judgement:*** Based on the information and assessment of elements suggested in the guidance above, Member States will reach a judgement on whether the proposed export should be denied on the basis of Criterion 4.

Non-exhaustive list of Internet websites of relevant information sources include:

United Nations

(www.un.org/peace/)

1540 Committee

(<http://disarmament2.un.org/Committee1540>)

OSCE/arms controls

(www.osce.org/activities/13014.html)

European Union

(www.consilium.europa.eu)

How to apply Criterion 5

3.5.1. The EU Code of Conduct applies to all arms exports by Member States, without any restrictions on destination. The extent of its application is also valid for Criterion 5. Unlike the other seven criteria, which draw Member States' attention to a particular aspect of the country of destination deemed to be a source of risk, Criterion 5 requires the Member States to carry out an analysis focused on a parameter specific to them: their national security and that of friends, allies and other Member States. The objective of Criterion 5 is to prevent an arms export from affecting the national security of Member States, allied or friendly countries. Exports will have to be evaluated in the light of Criterion 5, without prejudice to compliance with the other criteria set by the Code.

Three points must be subject to analysis before any licence is issued:

- (a) the potential impact of the operation on the security and defence interests of friends, allies or other Member States, without prejudice to observance of the other criteria, particularly Criteria 2 and 4;
- (b) the consequences of the export on the operational security of the armed forces of Member States and of friendly or allied countries;
- (c) the risk of reverse engineering or unintended technology transfer.

3.5.2. **Information sources:** The information relating to the national security of Member States and of territories whose external relations are the responsibility of a Member State, and to defence interests, come mainly from the following sources:

- Charter of the United Nations;
- NATO Treaty *³;

³ The references followed by an asterisk concern certain Member States of the EU only. Cf. Section 2.1.3. below.

- OSCE: Conference on Security and Cooperation in Europe (Helsinki Final Act 1975); Principles governing conventional arms transfers (25 November 1993)
- Council of Europe;
- Brussels Treaty, establishing the Western European Union *;
- Treaty on European Union; the basic CFSP texts ("A secure Europe in a better world. European Security Strategy");
- National or regional texts: defence agreements; assistance agreements; military cooperation agreements; alliances, etc.

Since security and defence agreements are usually confidential, the Member States may, when dealing with a specific application likely to fall within the scope of Criterion 5, consult their friends and allies directly in order to deepen their analysis of the possible impact of the export on security and defence interests.

FACTORS TO CONSIDER WHEN FORMULATING A JUDGEMENT

3.5.3 **Key concepts.** The heading of Criterion 5 reads as follows: "The **national security** of the Member States and of **territories whose external relations are the responsibility of a Member State**, as well as that of **friendly and allied countries**"⁴.

3.5.4. **National security.** **National security** refers to the capability of the Member States to ensure territorial integrity, protect the population and preserve national security interests as well as the resources and supplies deemed essential for its subsistence and its independence vis-à-vis all kinds of threats and attacks.

⁴ This phrase is taken over and adapted from one of the principles governing conventional arms transfers adopted by the OSCE: "*Each participating State will avoid transfers which would be likely to threaten the national security of other States and of territories whose external relations are the internationally acknowledged responsibility of another State.*" (principle 4(b)(iii)).

National security is closely linked to the security of Europe. The European Security Strategy adopted by the European Council in December 2003 defined the spectre of threats to the security of the European Union. These include: terrorism (religious extremism, electronic networks); proliferation of weapons of mass destruction; regional conflicts (violent or frozen conflicts which persist on our borders, threatened minorities); State failure (corruption, abuse of power, weak institutions, lack of accountability, civil conflict); organised crime (cross-border trafficking in drugs, women, illegal migrants and weapons, maritime piracy).

National security must also be assessed by taking account of **international (or collective) security**, which is among the aims pursued by the Charter of the United Nations. The latter provides that **regional systems** of collective security are lawful, provided that such arrangements are consistent with the purposes and principles of the universal system (Article 52). It recognises the **inherent right of individual or collective self-defence** (Article 51).

3.5.5. *Territories whose external relations are the responsibility of a Member State.* The territories in question may be assimilated to the following types:

- The territories covered by **Article 5 of the NATO Treaty**, which defines the geographical scope of an armed attack which might trigger the mechanism of military assistance between the parties;
- The **outermost regions (ORs)**: the four French overseas departments (ODs) (Guadeloupe, French Guiana, Martinique, Réunion); the Portuguese autonomous regions of the Azores and Madeira in the Atlantic Ocean; the Spanish autonomous community of the Canary Islands in the Atlantic Ocean;
- The **overseas countries and territories**, covered by Articles 182 to 188 of the TEC, and listed in Annex II to the TEC: Greenland, New Caledonia and Dependencies, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Mayotte, Saint Pierre and Miquelon, Aruba, Netherlands Antilles, Anguilla, Cayman Islands, Falkland Islands, South Georgia and the South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and Dependencies, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands, Bermuda;
- The European territories to which the provisions of the TEC apply under certain conditions (Article 299(4) and (6) of the TEC).

3.5.6. *Allied countries.* Allied countries may be defined as the States associated by a treaty or an international agreement providing for a solidarity clause or a mutual defence clause. A solidarity clause provides for the mobilisation of all the instruments available to the States parties, including military means, if one of them is the victim of a terrorist attack or of a natural or man-made disaster. A collective defence clause stipulates that in the event of an armed attack on one of the States parties, the others have an obligation to give it aid and assistance by all the means in their power, whilst observing the specific character of their security and defence policy.

Article 5 of the **North Atlantic Treaty establishing the Atlantic alliance** or Article 5 of the **Brussels Treaty establishing the Western European Union** are examples of mutual defence clauses. The draft Treaty establishing a Constitution for Europe makes provision for a solidarity clause and a defence clause. Such clauses may also be included in bilateral defence agreements, but these are not generally published.

Most of the EU Member States are members of NATO, apart from Sweden, Ireland, Cyprus, Malta, Austria and Finland.

The WEU includes ten EU Member States (France, Germany, Italy, United Kingdom, Belgium, Netherlands, Luxembourg, Portugal, Spain, Greece) which are also members of NATO ⁵.

3.5.7. **Friendly countries.** The description "friendly countries" is less precise than "allied countries". Generally speaking, it is likely to apply to countries with which the Member State maintains a close and/or long-standing bilateral relationship, particularly in the field of defence and security, or with which it shares values and interests and pursues common objectives.

To determine whether a country may be described as a friend by a particular Member State, the Member States may check for the existence of a body of positive evidence, including: the number of persons holding dual nationality, the presence of European nationals, the existence of a language community, the number of trade agreements and cooperation agreements, etc.

⁵ Established in 1992, associate member status within the WEU allows for inclusion of those States which are members of NATO but which were not then members of the Union. There are 5 associate members (Turkey, Norway, Iceland, Poland, Czech Republic, Hungary). All the WEU observer States are members of the EU but not of NATO, except for Denmark (member of NATO and the EU but not of the WEU). There are 5 observer States: Denmark, Ireland, Austria, Sweden, Finland.

FACTORS TO CONSIDER WHEN EXAMINING REQUESTS IN TERMS OF CRITERION 5

The text of Criterion 5 reads as follows:

"Member States will take into account:

- (a) the potential effect of the military technology or equipment to be exported **on their defence and security interests** and those of friends, allies and other Member States, while recognizing that this factor cannot affect consideration of the criteria on respect for human rights and on regional peace, security and stability;
- (b) the risk of **use** of the military technology or equipment concerned **against their forces** or those of friends, allies or other Member States;
- (c) the **risk of reverse engineering or unintended technology transfer.**"

3.5.8. *Criterion 5a*

3.5.8.1. *The meaning of the potential effect of export*

(a) Positive effect

If the proposed export helps to reinforce the national security, in particular the defence and security interests, of friends, allies and other Member States, the assessment will be favourable *a priori* without prejudice to the analysis which will have to be conducted in terms of Criteria 2 and 4.

(b) Negative effect

If, on the other hand, export would directly or indirectly threaten the defence and security interests of friends, allies and other Member States, the *a priori* assessment will be unfavourable.

The assessment will take into account in particular:

- the maintenance of strategic balance;
- the offensive nature of the equipment exported;
- the sensitivity of the material;
- the increase in operational performance which would be brought about by the material exported;
- the deployability of the equipment exported and/or the deployability conferred by that equipment;
- the end use of the material;
- the risk that the material will be diverted.

3.5.8.2. *Defence and security interests*

When analysing the risk to their defence and security interests and to those of allies, friends and other Member States, Member States must not fail to take into account the possible impact on the security of their forces when deployed out of area.

Moreover, this assessment will be without prejudice to compliance with the other Criteria.

3.5.9. *Criterion 5b*

The operational risk is analysed as follows:

- (a) Is there a direct threat to the security of the forces of a Member State or those of a friendly or allied country?

The threat may be permanent or temporary. The Member State will consider very carefully those applications where the final recipient is in a region known to be unstable, in particular where the export is for armed forces which might not always be under total or permanent control. In time such instability is likely to give rise to a threat for our forces or for those of an ally or friend, particularly where such forces are present in the region for military cooperation or peace-keeping operations.

In sum, if an export is liable to engender a direct threat to the security of the forces of a Member State or of an allied or friendly country, who are present either in the country of final destination or in a neighbouring country, the *a priori* assessment will be unfavourable. The same approach will be used to ensure the security of international peace-keeping forces.

- (b) Is there a risk that arms will be diverted to a force or body which is hostile to the interests or forces of a Member State, friend or ally?

This risk is analysed in the same way as those mentioned in Criterion 7. The exporting country will take account of the existence of terrorist groups, organisations engaged in armed struggle against those currently in power, or organised crime networks which might use the equipment in activities which could affect the security of the forces of the Member States and of allied or friendly countries, as well as that of international peace-keeping forces, or which might use such equipment in a way that would infringe one of the other criteria set by the Code.

- (c) To take their analysis of the operational risk into greater depth, especially for particularly sensitive cases, the Member States could carry out impact studies on a case-by-case basis, drawing on any relevant information which might be exchanged between the Member States, friends or allies. These studies will aim to establish the presence of national, European, and international forces, and those of friends or allies, in the various regions of the world, and also to evaluate the reality of the risk that the equipment or technology to be exported will be used against those forces.

These impact studies could include the following questions:

- In its analysis of the reality of the risk, the Member State will in particular take into account:
 - the nature of the equipment: whether it is directly offensive in character, the technological superiority which it would confer on the forces possessing it, its autonomy of use, the increase in operational performance which the equipment would allow;
 - any distinctions in the doctrine for the use of the equipment, depending on the user;
 - the nature of the operations: war between conventional forces, asymmetric war, civil war, etc.
- In its analysis of the risk of diversion, the Member State will in particular take into account:
 - whether the equipment can be easily diverted, then easily used even by non-military agents, and/or incorporated into other systems;
 - whether the equipment can be adapted for military use, or used to modify other equipment for military use (in particular, to transform non-lethal equipment into a lethal weapon);
 - some equipment could be the subject of special attention under this heading, in particularly small arms and light weapons (including MANPADS) and night-vision and light-intensifying equipment;
 - in this respect, operations with increased control measures (marking and traceability, on-site inspection) or in the fight against dissemination (destruction of old stocks, quantity surveillance mechanism) will receive a less restrictive *a priori* assessment.

3.5.10. *Criterion 5c*

When the Member States are deciding on an export licence application, account must be taken of the capabilities of the recipient, whether State or private, to analyse and to divert the technology contained in the military equipment being acquired. The Member States will be able to exchange the relevant information with a view to establishing the capabilities of a potential purchaser of European military equipment.

In this context, and particularly for equipment which uses sensitive technology, the following factors must be considered:

- the sensitivity and the level of protection of the technologies contained in the system, as regards the estimated level of expert knowledge of the recipient, and the evident desire of that recipient to acquire some of those technologies;
- the ease with which those technologies could be analysed and diverted, either to develop similar equipment, or to improve other systems using the technology acquired;
- the quantities to be exported: the purchase of a number of sub-systems or items of equipment which appears to be under (or over) estimated is an indicator of a move to acquire technologies;
- the past behaviour of the recipient, when that recipient has previously acquired systems which it has been able to examine to obtain information about the technologies used in those systems. In this context, the Member States may inform one another about the cases of technology theft which they have experienced.

3.5.11. *Forming a judgment*

Depending on the information and the assessment of the factors suggested in paragraph 2, the Member States will reach a judgment on whether the proposed export should be denied on the basis of Criterion 5.

INFORMATION SOURCES

EU (European Union)

http://europa.eu/index_en.htm

UN (United Nations)

<http://www.un.org/english/>

OSCE (Organisation for Security and Cooperation in Europe)

<http://www.osce.org/>

NATO (North Atlantic Treaty Organisation)

<http://www.nato.int/home.htm>

WEU (Western European Union)

<http://www.weu.int/index.html>

How to apply Criterion 6

3.6.1. The EU Code of Conduct applies to all exports by Member States of military equipment and technology included in the Common Military List, and to dual use items as specified in operative paragraph Six of the Code of Conduct. Thus, generally speaking, Criterion Six applies to exports directed to all non EU recipient countries.

However, because Criterion Six establishes a link to the behaviour of the recipient country with regard to the international community, special attention should be given to those countries which represent reasons of concerns because of their attitude to terrorism, the nature of their alliances and respect for international law.

3.6.2. *Information sources.* A common EU base of information sources available to all Member States consists of EU Heads of Mission (HOMs) reports, EU Council statements/conclusions, as well as UN Security Council Resolutions.

Additional information might be obtained also from:

- Member States' diplomatic missions and other national governmental institutions;
- the United Nations and other international and regional bodies and agencies, such as the Organization for Security and Co-operation in Europe (OSCE), the Regional Centre on Small Arms in Nairobi, the Organisation of American States and the International Atomic Energy Agency;
- the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies, and other humanitarian bodies;
- Europol, Interpol and intelligence agencies;
- non-governmental organizations and other reliable sources;

A non-exhaustive list of relevant information sources is contained in Annex I.

3.6.3. **Key concepts.** Criterion Six refers to a broad field of overarching issues which should be taken into account in any assessment, and which are highlighted in its text:

“The behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law.

Member States will take into account inter alia the record of the buyer country with regard to:

- (a) its support or encouragement of terrorism and international organized crime;*
- (b) its compliance with its international commitments, in particular on the non-use of force, including under international humanitarian law applicable to international and non-international conflicts;*
- (c) its commitment to non proliferation and other areas of arms control and disarmament, in particular the signature, ratification and implementation of relevant arms control and disarmament conventions referred to in point (b) of Criterion One.”*

Consequently, in assessing whether an arms export licence should be granted or not, Member States should consider the current and past record of the recipient country with regard to its attitude to terrorism and international organized crime, the nature of its alliances, its respect for international commitments and law, concerning in particular the non-use of force, International Humanitarian Law and WMD non proliferation, arms control and disarmament.

Criterion Six has to be considered for buyer countries whose Governments exhibit negative behaviour with respect to the above provisions, thus - during the assessment - the specific identity and the nature of the end-user or the equipment to be exported are not the main focus. In fact the focus of the analysis is the **behaviour of the buyer country**, more than any consideration of the risk that a particular transfer might have particular negative consequences.

Thus, concerning the key concepts stressed in Criterion Six, Member States could consider the following suggestions.

3.6.4. ***Buyer country's support or encouragement of terrorism and international organised crime.*** A higher degree of scrutiny is required when evaluating individual export licence applications to buyer countries suspected of supporting terrorism and international organized crime in any way.

In this framework, the term “terrorism” is to be understood to mean “terrorist acts” prohibited under international law, such as deliberate attacks on civilians, indiscriminate attacks, hostage taking, torture or deliberate and arbitrary killings, when the purpose of such an act, by its nature or context, is to intimidate a population or to compel a government or an international organisation to commit or to abstain from committing any act.

Concerning “international organised crime”, reference should be made to activities such as drug trafficking, trade in human beings, illegal immigrant smuggling, trafficking in nuclear and radioactive substances, money laundering et similia, conducted by a structured group of persons, existing for a period of time and acting in concert with the aim of committing serious crimes or offences established in accordance with the UN Convention against Trans-national Organised Crime.

A buyer country may encourage or support terrorism and international crime in many ways and before granting a licence, the competent authority might ask, among others, the following questions:

- Does the recipient country have a record of past or present terrorist/criminal activities?
- Are there any known or suspected links between the buyer country and terrorist/criminal organizations (or even individual terrorists/criminals) or any reasons to suspect that entities within - and tolerated by - the recipient country have those links?
- Is there any other reason to suspect that the buyer country tolerates arms re-export or diversion to terrorist/criminal organizations, or that it organizes re-export or diversion itself?
- Does the recipient country have internal legislation that tolerates terrorist/criminal activities, or does failure to apply legislation result in tolerance of terrorist/criminal activities?

Many of these questions may also be asked during an assessment under Criterion Seven, but under Criterion Six they involve the recipient country's government rather than the end-user.

More detailed questions should be:

- Does the recipient country criminalize the provision of funds to terrorists, freeze the financial assets of people who commit, or attempt to commit, terrorist acts and prohibit the provision of services to those who participate in the commission of terrorist acts?
- Does the recipient country refrain from providing any form of support, active or passive, to entities or persons involved in the terrorist acts?
- Does the recipient country provide early warnings to other states by exchanging information?
- Does the recipient country deny safe havens to those who finance, plan, support, or commit terrorist acts?
- Does the recipient country prevent those who finance, plan, facilitate or commit terrorist acts from using its territory?
- Does the recipient country prevent the movement of those who carry out acts through effective border controls?

3.6.5. *Nature of buyer country's alliances.* In a strict interpretation, the term "alliance" might mean an international treaty that links a State to one or more other States and foresees the conditions in which they should give each other assistance. Considering that few of the many relations between States concerning economic, military or defence cooperation can fit into such a strict interpretation of the term "alliance", in the context of Criterion Six the term "alliance" should be interpreted in a wider sense, and include all those economic, military and defence agreements which, by their nature, are aimed at establishing a significant connection (intended also as common political aims) between two or more States.

Wider interpretation of the term “alliance” will also include any shared vision of international relations (originated, *inter alia*, by a common political view, economic interests or matters of convenience), which will result in a significant action intended to pursue a mutual goal. For instance this can be any type of combined support to a party involved in a situation of crisis, tension or conflict.

Thus, as the nature of alliances is mostly a political assessment, the term “alliance” should be interpreted *cum grano salis*, on the basis of Member States' national interests.

Bearing in mind the above, when considering whether to grant an arms export licence, Member States may ask, among others, the following questions:

- Does the recipient country belong to an alliance founded or acting against a Member State, or against an allied or friendly country?
- Does the recipient country belong to an alliance that does not respect or promote the respect of the founding principles of the United Nations Organization?
- Does the recipient country belong to an alliance that acts for the destabilization of the international community?

3.6.6. ***Buyer country's compliance with its international commitments.*** When considering whether to grant an arms export licence, Member States may also consider if the recipient country (i.e. government of the buyer country) does or does not respect its international commitments.

Attention should be paid to those commitments that are legally binding for every State as both norms of international law and norms of treaty universally accepted by every State; including in particular commitments which by their nature could be violated (such as non-use of force (Article 41 of the UN Charter), or respect of international law during a conflict) in most cases by using military equipment.

Members States should also consider:

- Does the recipient country respect its commitments to enforce UN, OSCE, and EU arms embargoes?

- Does the recipient country use, has it used, or is it threatening to use force in violation of Article. 41 of the UN Charter, in order to solve an international crisis?
- Does the recipient country normally infringe international common law commitments, or treaties which it has voluntarily signed?
- Does the recipient country behave in a manner so as to exclude itself from the international community of States?

Concerning international humanitarian law, possible indicators to assess the risk are:

- Whether the recipient country has made a formal commitment to apply the rules of international humanitarian law and taken appropriate measures for their implementation;
- Whether the recipient country has in place the legal, judicial and administrative measures necessary for the repression of serious violations of international humanitarian law;
- Whether a recipient country which is, or has been, engaged in a armed conflict, has committed serious violations of international humanitarian law;
- Whether a recipient country, which is or has been engaged in an armed conflict, has failed to take all feasible measures to prevent serious violations of international humanitarian law.

As mentioned above, the type of equipment to be exported does not seem to be in the main focus of the analysis, neither does the final user of this equipment, as Criterion Six is meant to avoid any kind of arms exports to those countries whose governments do not comply with international commitments.

In this framework, Criterion 1 of the Code of Conduct Best Practices (the “international commitment” Criterion) is of particular relevance. Thus Member States should also refer to it. A non-exhaustive list of international treaties is included in Annex II.

3.6.7. *Buyer country's commitment to non-proliferation and other areas of arms control and disarmament.*

Criterion Six also requires consideration, during the assessment, of the buyer country's record with regard to its commitments in the area of disarmament and arms control. In particular Member States will examine both the recipient country's internal legislation and its international commitments. Attention should be paid primarily to those conventions included in Criterion One.

Some questions that might be asked are:

- Has the buyer country signed/ratified/acceded to the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention, and does it adhere to the obligations contained in these treaties? If not, why?
- Is the buyer country a member/participant in, or does it respect the commitments of international arrangements or regimes, in particular the Nuclear Suppliers Group, the Australia Group, the Missile Technology Control Regime, and the Wassenaar Arrangement?
- Does the buyer country respect the commitment not to export any form of anti-personnel landmine, based on the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction?

Even if Criterion Six reports the above mentioned issues as more relevant during the assessment, Member States might also ask some of the questions that they should ask during assessment under Criterion Seven, and others:

- Does the recipient country report to the UN Register of Conventional Arms; if not, why not?
- Has the recipient country aligned itself with the principles of the EU Code of Conduct or similar regional arrangements?
- Is the recipient country involved in the Conference on Disarmament?
- Does the recipient country apply effective export and transfer controls encompassing dedicated control legislation and licensing arrangements that conform to international norms?

Once more, Member States should note that when making assessments under Criterion Seven (risk of diversion), it is possible to make a distinction between qualities of arms, or between end-users; when the same questions are asked when assessing against criterion Six, Member States will decide whether or not to send any kind of material to the country in question, on the basis of their opinion on the recipient country's government.

A non-exhaustive list of Arms Export Control Regimes and Organizations are included in Annex III

3.6.8. ***Arriving at a judgement.*** Based on the information and the over-all country examination as suggested in the paragraphs above, Member States will reach a judgement on whether the proposed export should be denied on the basis of Criterion Six.

Member States will not issue a licence where the general evaluation of the buyer country's record with reference to Criterion Six is not positive.

In any case, even if such evaluation is positive, it can never be used as a justification for arms transfers that would otherwise be refused under other Criteria of the Code of Conduct.

INTERNET WEBSITES OF RELEVANT INFORMATION SOURCES:

United Nations/conventional arms

(<http://disarmament.un.org/cab/register.html>)

Security Council Sanction Committees

(<http://www.un.org/Docs/sc/committees/INTRO.htm>)

Security Council Report

(<http://www.securitycouncilreport.org>)

Security Council Counter Terrorism Committee

(<http://www.un.org/sc/ctc/>)

1540 Committee

(<http://disarmament2.un.org/Committee1540>)

Global Programme against Corruption, UN Office on Drugs and Crime

(<http://www.unodc.org/unodc/corruptio.html>)

United Nations Institute for Disarmament Research/UNIDIR

(<http://www.unidir.org>)

OSCE/arms control

(<http://www.osce.org/activities/13014.html>)

European Union

(<http://www.consilium.europa.eu>)

CIA World Fact Book

(<https://www.cia.gov/cia/publications/factbook/index.html>)

Jane's foreign report

(<http://www.foreignreport.com>)

Jane's Defence

(<http://jdw.janes.com>)

SIPRI

(<http://www.sipri.org>)

International Action on Small Arms

(<http://www.iansa.org>)

Small Arms Survey

(<http://hei.unige.ch/sas>)

International Committee of the Red Cross

(<http://www.icrc.org>)

RELEVANT INTERNATIONAL TREATIES:

Charter of the United Nations

Biological and Toxin Weapons Convention

Chemical Weapons Conventions

Non-Proliferation Treaty (NPT)

Comprehensive Nuclear Test Ban Treaty (CTBT)

Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction

Raratonga Treaty

Treaty of Pelindaba

Treaty of Tlatelolco

Bangkok Treaty

Central Asia nuclear-weapon-free zone treaty

Antarctic Treaty

Sea-bed Treaty

Outer Space Treaty

Strategic Arms Limitation Talks (SALT)

Geneva Conventions

ENMOD Convention

Certain Conventional Weapons Convention (CCWC)

The texts of these and other international treaties could be found at <http://untreaty.un.org/>

RELEVANT INTERNATIONAL ARMS EXPORT CONTROL REGIMES AND ORGANISATIONS:

Wassenaar Arrangement
(<http://www.wassenaar.org>)

Nuclear Suppliers Group
(<http://www.nuclearsuppliersgroup.org>)

The Australia Group
(<http://www.australiagroup.net>)

Zangger Committee
(www.zanggercommittee.org)

MTCR
(<http://www.mtc.info>)

Section 7: Best practices for the interpretation of Criterion 7

How to apply Criterion 7

3.7.1 The EU Code of Conduct applies to all arms exports by Member States. Thus a priori Criterion 7 applies to exports to all recipient countries without any distinction. However, these practices follow the principle that cases where there is a higher potential risk should be subject to a greater degree of scrutiny than cases with less risk. Evaluation of individual export license applications should be done on a case-by-case basis and include an over-all risk analysis, based on the potential risk level in the recipient state, the reliability of those involved in the transactions, the nature of the goods to be transferred and the intended end-use. Member States are encouraged to exchange information regarding countries of concern on a case-by-case basis through the co-operation in COARM, or by other channels. In addition, improved documentation in diversion risk-assessment at the licensing stage would make diversion more difficult. Effective systems of end-user control contribute to the prevention of undesirable diversion or re-export of military equipment and military technology. End-user certificates and their authentication at the licensing stage should play a central role in counter-diversion policies. (see also Chapter 2). Nevertheless, using end-user certificates cannot substitute for a complete risk assessment of the situation in the particular case.

3.7.2 **Information sources.** Information on diversionary risks should be sought from a wide variety of sources. A common EU base of information sources available to all Member States consists of EU HOMs reports, Open-source defence publications and Export Control regimes information exchanges and websites as well as reports from relevant Security Council Committees, in particular Security Council Committee established pursuant to resolution 1540 (2004); additional information might be obtained as appropriate from Member States diplomatic missions and other governmental institutions such as customs, police and other law enforcement services as well as those providing Intelligence information or through exchange of views among Member States regarding export to the country in question. A non-exhaustive list of relevant internet websites is contained in Annex I.

ELEMENTS TO CONSIDER WHEN FORMING A JUDGEMENT

3.7.3 **Key concepts.** Criterion 7 refers to a broad field of overarching issues which should be taken into account in any assessment. It should be kept in mind that diversion can be initiated at various levels, can take place within a country or can involve detour or retransfer to a third “unauthorised” country. It can be of possession (end-user) and/or function (end-use).

“In assessing the impact of the proposed export on the importing country and the risk that exported goods might be diverted to an undesirable end-user, the following will be considered:

- (a) the legitimate defence and domestic security interests of the recipient country, including any involvement in UN or other peace-keeping activity;
- (b) the technical capability of the recipient country to use the equipment;
- (c) the capability of the recipient country to exert effective export controls;
- (d) the risk of the arms being re-exported or diverted to terrorist organizations (anti-terrorist equipment would need particularly careful consideration in this context)”.

Ad (a) The legitimate defence and domestic security interests of the recipient country, including any involvement in United Nations or other peace keeping activity.

All nations have the right to defend themselves according to the UN Charter. Nonetheless, an assessment should be made of whether the import is an appropriate and proportionate response to the recipient country’s need to defend itself, to ensure internal security, or assist in United Nations or other peace-keeping activity.

The following questions might be asked:

- Is there a plausible threat to security that the planned arms import could meet?
- Are the armed forces equipped to meet such a threat?
- What will the destination be of the imported goods after the participation in UN or other peace-keeping activity has been terminated?

Ad (b) The technical capability of the recipient country to use the equipment;

The “technical capability of a recipient country to use the equipment” can be a key indicator of the “existence of a risk” of diversion. A proposed export that appears technically beyond what one might normally expect to be deployed by the recipient state may be an indication that a third-country end-user is in fact the intended final destination. This concept applies equally to complete goods and systems, as well as components and spares. The export of components and spares where there is no evidence that the recipient country operates the completed system in question may be a clear indicator of other intent.

Some questions that might be asked are:

- Is the proposed export high-tech in nature?
- If so, does the recipient have access to, or are they investing in, the appropriate technical backup to support the sale?
- Does the proposed export fit with the defence profile of the recipient state?
- If components or spares are being requested, is the recipient state known to operate the relevant system that incorporates these items?

Ad (c) The capability of the recipient country to exert effective export controls;

Recipient states' adherence to international export control norms can be a positive indicator against either deliberate or unintentional diversion. Some questions that might be asked are:

- Is the recipient state a signatory or member of key international export control treaties, arrangements or regimes (e.g. Wassenaar)?
- Does the recipient country report to the UN Register of Conventional Arms; if not, why not?
- Has the recipient country aligned itself with the principles of the EU Code of Conduct or similar regional arrangements?
- Does the recipient country apply effective export and transfer controls encompassing dedicated control legislation and licensing arrangements that conform to international norms?
- Is stockpile management and security of sufficient standard?
- Are there effective legal instruments and administrative measures in place to prevent and combat corruption?
- Is the recipient state in the proximity of conflict zones or are there on-going tensions or other factors within the recipient state that might mitigate against the reliable enforcement of their export control provisions?
- Does the country of stated end-use have any history of diversion of arms, including the re-export of surplus equipment to countries of concern?

Ad (d) The risk of arms being re-exported or diverted to terrorist organisations (anti-terrorist equipment would need particularly careful consideration in this context);

In assessing the potential risk in the recipient state, the competent authority might ask the following questions:

- Does the recipient state have a record of past or present terrorist activities?
- Are there any known or suspected links to terrorist organisations (or even individual terrorists) or any reason to suspect that entities within the recipient state participate in the financing of terrorism?
- Is there any other reason to suspect that the arms might be re-exported or diverted to terrorist organisations?

If the answer is “yes” to one or more of the questions asked, a higher degree of scrutiny is necessary. The competent authority should consult with open and other sources when continuing that risk assessment.

In addition to the considerations pursuant to lit. a) – d) the competent authority should also assess the reliability of the specific consignee:

- Is the equipment intended for the government or an individual company?

If the importer is the government:

- Is the government/the specific government branch reliable in this respect?
- Has the government/the specific government branch honoured previous end-user certificates?
- Is there any reason to suspect that the government/the specific government branch is not reliable?

If the importer is a company:

- Is the company known?
- Is the company authorised by the government in the recipient state?
- Has the company previously been involved in undesirable transactions?

3.7.4 **Arriving at a judgement.** Based on information and the over-all risk assessment as suggested in the paragraphs above Member States will reach a judgement on whether the proposed export should be denied on the basis of Criterion 7.

INTERNET WEBSITES OF RELEVANT INFORMATION SOURCES INCLUDE:

United Nations/conventional arms

(<http://disarmament.un.org/cab/register.html>)

Security Council Sanctions Committees

(<http://www.un.org/Docs/sc/committees/INTRO.htm>)

Security Council Counter Terrorism Committee

(<http://www.un.org/sc/ctc/>)

1540 Committee (<http://disarmament2.un.org/Committee1540>)

Global Programme against Corruption, UN Office on Drugs and Crime

(<http://www.unodc.org/unodc/corruption.html>)

United Nations Institute for Disarmament Research/UNIDIR

(www.unidir.org)

OSCE/arms control (<http://www.osce.org/activities/13014.html>)

European Union (www.consilium.europa.eu)

Wassenaar Arrangement (www.wassenaar.org)

Nuclear Suppliers Group (www.nuclearsuppliersgroup.org)

The Australia Group (www.australiagroup.net)

Zangger Committee (www.zanggercommittee.org)

MTCR (<http://www.mtcr.info>)

Jane's foreign report (www.foreignreport.com)

Jane's Defence (jdw.janes.com)

Small Arms Survey (www.smallarmssurvey.org)

Security Council Report, (www.securitycouncilreport.org)

International Action Network on Small Arms (<http://www.iansa.org>)

SIPRI (www.sipri.org)

How to apply Criterion 8

3.8.1 The EU Code of Conduct applies to all arms exports by Member States. Thus a priori Criterion 8 applies to exports to all recipient countries without any distinction. However, because Criterion 8 establishes a link with the sustainable development⁶ of the recipient country, special attention should be given to arms exports to developing countries. It would be expected only to apply when the stated end-user is a government or other public sector entity, because it is only in respect of these end-users that the possibility of diverting scarce resources from social and other spending could occur. **Annex A** outlines a two-stage “filter” system to help Member States identify export licence applications which may require assessments against Criterion 8. Stage 1 identifies country-level development concerns, while Stage 2 focuses on whether the financial value of the licence application is significant to the recipient country.

3.8.2 **Information sources.** If the filter system outlined in paragraph 3 indicates that further analysis is required, **Annex B** lists a series of social and economic indicators for Member States to take into account. For each indicator it provides an information source. The recipient country’s performance against one or more of these indicators should not in itself determine the outcome of Member States’ licensing decisions. Rather these data should be used to form an evidence base which will contribute to the decision-making process. Paragraphs 6-12 outline elements of criterion 8 on which further judgement needs to be reached.

Elements to consider when forming a judgement

3.8.3 Criterion 8 refers to a number of broad, overarching issues which should be taken into account in any assessment, and which are highlighted in the following text.

*The compatibility of the arms exports with the **technical and economic capacity** of the recipient country, taking into account the desirability that states should achieve their **legitimate needs of security and defence** with the **least diversion for armaments of human and economic resources**.*

⁶ The Millennium Development Goals encapsulate sustainable development and include progress on goals related to poverty, education, gender equality, child mortality, maternal health, HIV/AIDS and other diseases, the environment and a global development partnership.

*Member States will take into account, in the light of information from relevant sources such as UNDP, World Bank, IMF and OECD reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They will consider in this context the recipient country's relative levels of **military and social expenditure**, taking into account also any **EU or bilateral aid**.*

Technical and Economic Capacity

3.8.4a **Economic capacity** refers to the impact of the arms import on the availability of the financial and economic resources of the recipient country for other purposes, in the immediate, medium and long term. In this regard, Member States might consider taking into account:

- both the capital cost of the arms purchase and the likely follow-on 'life-cycle' costs of related operation (e.g. ancillary systems and equipment), training and maintenance;
- whether the arms in question are additional to existing capabilities or are replacing them, and - where appropriate – the likely savings in operating costs of older systems;
- How the import will be financed by the recipient country⁷ and how this might impact on its external debt and balance of payments situation.

3.8.4b **Technical capacity** refers to the ability of the recipient country to make effective use of the equipment in question, both in material and human terms. In this regard, Member States should consider the following questions:

⁷ This needs to be considered because the payment methods could have detrimental macro-economic and sustainable development effects. For example if the purchase is by cash payment then it could seriously deplete a country's foreign exchange reserves, impeding any exchange rate management safety net, and also have short term negative effects on the balance of payments. If provided on credit (of any form) it will add to the recipient country's total debt burden – and this may already be at unsustainable levels.

- Does the recipient country have the military infrastructure to be able to make effective use of the equipment?
- Is similar equipment already in service well maintained?
- Are enough skilled personnel available to be able to use and maintain the equipment? ⁸

Legitimate Needs of Security and Defence

3.8.5 All nations have the right to defend themselves according to the UN Charter. Nonetheless, an assessment should be made of whether the import is an appropriate and proportionate response to the recipient country's need to defend itself, to ensure internal security, and assist in international peace-keeping and humanitarian operations. The following questions should be considered:

- Is there a plausible threat to security that the planned arms import could meet?
- Are the armed forces equipped to meet such a threat?
- Is the planned arms import a plausible priority considering the overall threat?

Least diversion for armaments of human and economic resources

3.8.6 What constitutes "least diversion" is a matter of judgement, taking all relevant factors into consideration. Member States should consider *inter alia* the following questions:

- Is the expenditure in line with the recipient country's Poverty Reduction Strategy or programmes supported by the International Financial Institutions (IFIs)?
- What are the levels of military expenditure in the recipient country? Has it been increasing in the last five years?
- How transparent are state military expenditures and procurement? What are the possibilities for democratic or public involvement in the state budget process?

⁸ For instance, are a high proportion of the country's engineers and technicians already working in the military sector? Is there a shortage of engineers and technicians in the civilian sector that could be aggravated through additional recruitment by the military sector?

- Is there a clear and consistent approach to military budgeting? Is there a well-defined defence policy and a clear articulation of a country's legitimate security needs?
- Are more cost-effective military systems available?

Relative levels of military and social expenditure

3.8.7 Member States should consider the following questions in assessing whether the purchase would significantly distort the level of military expenditure relative to social expenditure:

- What is the recipient country's level of military expenditure relative to its expenditure on health and education?
- What is the recipient country's military expenditure as a percentage of Gross Domestic Product (GDP)?
- Is there an upward trend in the ratio of military expenditure to health and education and to GDP over the last five years?
- If the country has high levels of military expenditure, does some of this "hide" social expenditure? (e.g. in highly militarised societies, the military may provide hospitals, welfare etc)
- Does the country have significant levels of "off-budget" military expenditure (i.e. is there significant military expenditure outside the normal processes of budgetary accountability and control)?

Aid Flows

3.8.8 Member States should take into account the level of aid flows to the importing country and their potential fungibility⁹.

- Is the country highly dependent on multilateral as well as EU and bilateral aid?
- What is the country's aid dependency as a proportion of Gross National Income?

⁹ Fungibility refers to the potential diversion of aid flows into inappropriate military expenditure.

Cumulative Impact

3.8.9 An assessment of the cumulative impact of arms imports on a recipient country's economy can only be made with reference to exports from all sources, but accurate figures are not usually available. Each Member State may wish to consider the cumulative impact of its own arms exports to a recipient country, including recent and projected licence requests. It may also wish to take into account available information on current and planned exports from other EU Member States, as well as from other supplier states. Potential sources of information are, inter alia, the EU Annual Report, Member States' annual national reports, the Wassenaar Arrangement, the UN Arms Register and the annual reports of the Stockholm International Peace Research Institute.

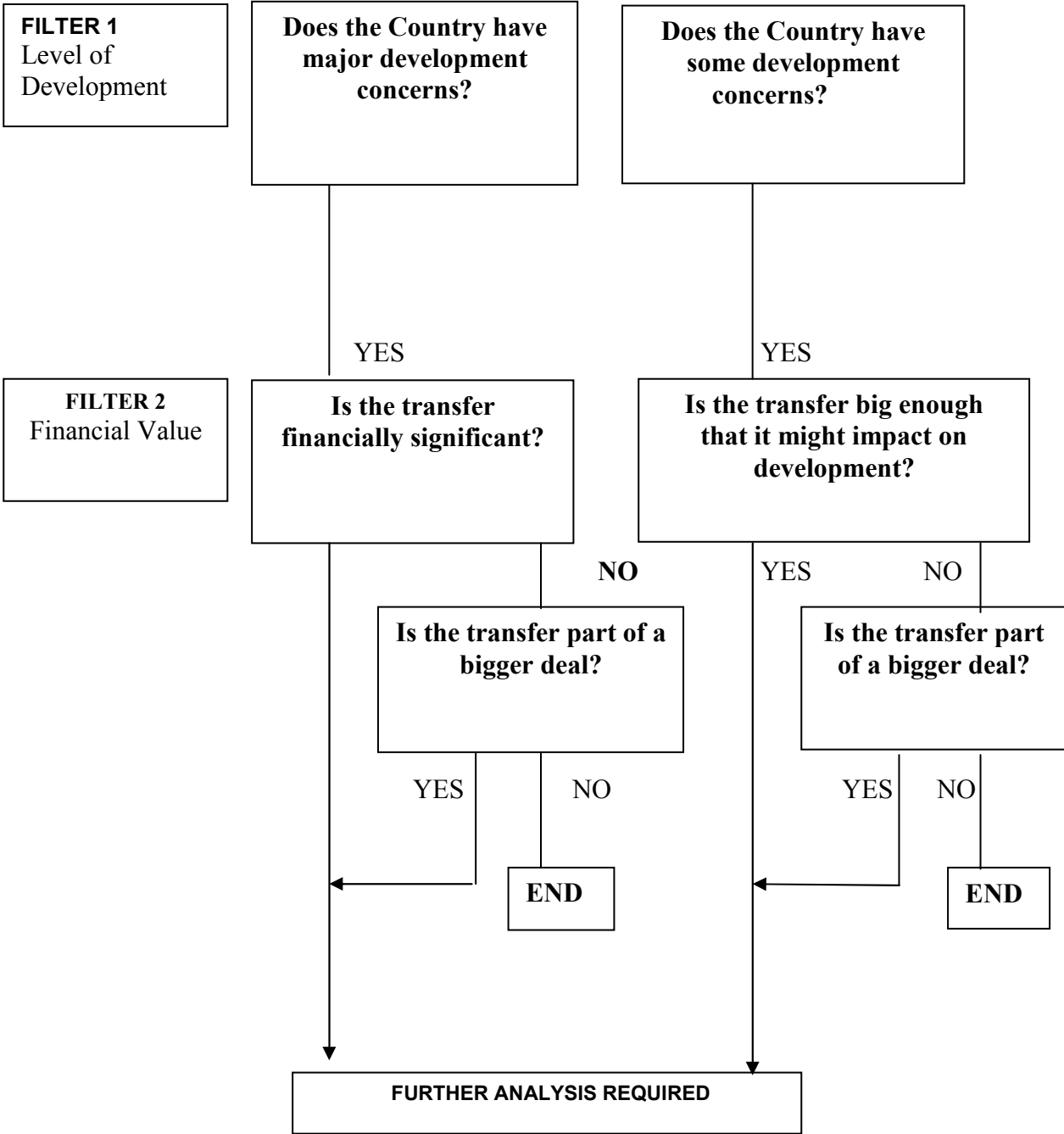
3.8.10 Data on cumulative arms exports may be used to inform a more accurate assessment of:

- historical, current and projected trends in a recipient country's military expenditure, and how this would be affected by the proposed export.
- Trends in military spending as a percentage of the recipient country's income, and as a percentage of its social expenditure.

3.8.11 ***Arriving at a judgement:*** Based on data and assessment of critical elements suggested under paragraphs 3.5.6 to 3.5.10 above, Member States will reach a judgement as to whether the proposed export would seriously hamper the sustainable development in the recipient country.

Annex A (to Chapter 3 Section 8)

In order to make an initial decision as to whether an export licence application merits consideration under Criterion 8, Member States will need to consider the level of development of the recipient country and the financial value of the proposed export. The following graph is designed to assist Member States in their decision-making process:



Annex B (to Chapter 3 Section 8)

Member States may wish to consider a number of social and economic indicators relating to recipient countries, and their trend in recent years which are listed below, along with data sources.

Indicator	Data source
Level of military expenditure relative to public expenditure on health and education	IISS Military Balance; SIPRI; WB/IMF Country Reports; WDI
Military expenditure as a percentage of Gross Domestic Product (GDP)	IISS Military Balance; SIPRI; WB/IMF Country Reports; WDI.
Aid dependency as a proportion of GNI	WDI
Fiscal sustainability	WDI, WDR, IFI Country Reports
Debt sustainability	WB/IMF, including Country Reports
Performance against Millennium Development Goals (post-2005)	UNDP, Human Development Report

LIST OF ABBREVIATIONS

IFI	:	International Financial Institutions watchnet
IISS	:	International Institute For Strategic Studies
IMF	:	International Monetary Fund
SIPRI	:	Stockholm International Peace Research Institute
UNDP	:	United Nations Development Programme
WB	:	World Bank
WDI	:	World Development Indicators
WDR	:	World Development Reports

LIST OF SOURCES (WEBSITES)

IFI	:	http://www.if-watchnet.org
IISS	:	http://www.iiss.org
IMF	:	http://www.imf.org
SIPRI	:	http://www.sipri.org
UNDP	:	http://www.undp.org.in
WB	:	http://www.worldbank.org
WDI	:	http://www.publications.worldbank.org/WDI
WDR	:	http://econ.worldbank.org/wdr

CHAPTER 4 – TRANSPARENCY

Section 1: Requirements for submission of information to the EU Annual Report

4.1.1 Operative Provision 8 of the Code of Conduct states that *“Each EU Member State will circulate to other EU Partners in confidence an annual report on its exports of military equipment and on its implementation of the Code of Conduct”*

4.1.2 An EU Annual Report, based on contributions from all Member States, will be submitted to the Council and published in the "C" series of the Official Journal of the European Union. In addition, each Member State which exports equipment on the EU Common Military List will publish a national report on its defence exports, the contents of which will be in accordance with national legislation, as applicable, and will provide information for the EU Annual Report on the implementation of the Code of Conduct as stipulated in the User's Guide.

4.1.3 Each Member State shall provide the following information to the Council Secretariat on an annual basis. The information elements labelled with a * will not be published directly in the EU Annual Report, but aggregated in a manner to be agreed by Member States:

- (a) Number of export licences granted to each destination, broken down by Military List category (if available);
- (b) Value of export licences granted to each destination, broken down by Military List category (if available);
- (c) Value of actual exports to each destination, broken down by Military List category (if available);
- (d) Number of denials issued for each destination, broken down by Military List category*;

- (e) Number of times each criterion of the Code is used for each destination, broken down by Military List category*;
- (f) Number of consultations initiated;
- (g) Number of consultations received;
- (h) Number of undercuts carried out*;
- (i) Address of national website for annual report on arms exports.

4.1.4 Where Member States make use of open licences, they shall provide as much of the above information as possible.

Section 2: Common template for information to be included in national reports

"[Member State] also produces statistical data for inclusion in the EU Annual Report on arms exports in accordance with operative provision 8 of the European Union Code of Conduct on Arms Exports. Member States have identified continued harmonisation of national reports, including statistical data, in order to promote more homogeneous data for inclusion in the EU annual report, as a priority for the near future. In order to facilitate this process [Member State] includes the table below which gives an outline of the data that all Member States will seek to provide to the EU Annual Report¹.

EU ARMS EXPORTS PER DESTINATION

Destination Country (A)																								
	ML 1	ML 2	ML 3	ML 4	ML 5	ML 6	ML 7	ML 8	ML 9	ML 10	ML 11	ML 12	ML 13	ML 14	ML 15	ML 16	ML 17	ML 18	ML 19	ML 20	ML 21	ML 22	TOTAL per destination	
a																								
b																								
c																								

¹ With respect to the breakdown of figures by military list category, and with respect to figures for actual exports (row (c)), for those Member States that are able to provide this data.

Destination Country (B)																									
		ML 1	ML 2	ML 3	ML 4	ML 5	ML 6	ML 7	ML 8	ML 9	ML 10	ML 11	ML 12	ML 13	ML 14	ML 15	ML 16	ML 17	ML 18	ML 19	ML 20	ML 21	ML 22	TOTAL per destination	
	a																								
	b																								
	c																								

Destination Country (C)																									
		ML 1	ML 2	ML 3	ML 4	ML 5	ML 6	ML 7	ML 8	ML 9	ML 10	ML 11	ML 12	ML 13	ML 14	ML 15	ML 16	ML 17	ML 18	ML 19	ML 20	ML 21	ML 22	TOTAL per destination	
	a																								
	b																								
	c																								

Etc...

**Key: (a) = number of licences issued, (b) = value of licences issued in Euros, (c) = value of arms exports in Euros.
 ML = EU Common Military List category (cf. OJ C 127 of 25 May 2005 for the full EU Common Military List)."**

Section 3: Internet addresses for national reports on arms exports

The Internet addresses of Member States' national websites on arms export controls are shown below:

- Austria: <http://www.bmeia.gv.at>
- Belgium: (Flanders) www.vlaanderen.be/wapenhandel
(Walloon Region and Brussels capital under construction)
- Czech Republic: <http://www.mzv.cz/wwwo/mzv/default.asp?ido=15135&idj=2&amb=1&ikony=True&trid=1&prsl=True&poccl=8>
(www.mzv.cz/kontrolaexportu)
- Denmark: « Utforsel af vaben og produkter med dobbelt anvendelse fra Danmark 2004 »
<http://www.um.dk/NR/rdonlyres/5D6C5BD3-E876-484B-B974-AA62D12D949B/0/2004Udfoerselafvaabenogdualuseprodukterrev2.pdf>
- Estonia: http://www.vm.ee/eng/kat_153
- Finland: www.defmin.fi/index.phtml/page_id/75/topmenu_id/5/menu_id/75/this_topmenu/65/lang/3/fs/12
- France: http://www.defense.gouv.fr/sites/defense/decouverte/activites_des_forces/rapports_dactivite/
- Germany: <http://www.bmwi.de/Navigation/Service/bestellservice.did=72610.html> (national report on German arms exports) and:
http://www.bafa.de/1/en/tasks/01_control.htm (general information on the German export control system).
- Hungary: <http://www.mkeh.hu>
- Ireland: <http://www.entemp.ie/trade/export/military.htm>
- Italy: <http://www.camera.it>
- Latvia: <http://www.mfa.gov.lv>
- Lithuania: <http://www.urm.lt/index.php?1703452064>
- Luxembourg: www.mae.lu
- Malta: www.mcmp.gov.mt/commerce_trade04.asp
- Netherlands: <http://www.exportcontrole.ez.nl>
- Poland: <http://dke.mg.gov.pl>
- Portugal: "Exportação e importação de bens e tecnologias militares realizadas em:"
http://www.mdn.gov.pt/Defesa/Estrutura/Organigrama/DGAED/relatorios_anuarios.htm
- Slovakia: www.economy.gov.sk
- Slovenia: www.mors.si

Spain: <http://www.revistasice.com/Estudios/Documen/bice/2827/BICE28270101.PDF>
(www.mex.es/sgcomex/mddu)

Sweden: <http://www.sweden.gov.se>

United Kingdom: <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029390554>

CHAPTER 5 - ADHERENTS TO THE CODE OF CONDUCT

Section 1: List of adherents, contact points, and further information relating to their adherence

5.1.1 Norway:

Contact person/Institution

Name: Ministry of Foreign Affairs,
Department for Security Policy and Bilateral Relations
Section for Export Controls

Contact person: Anne Kari Lunde

Address: 7 juni pl./Victoria Terrace
N-0032 Oslo

Telephone: 47 22 24 35 96
Fax: 47 22 24 34 19

Email: s-ekso@mfa.no
anne.kari.lunde@mfa.no

Annual Report website reference: <http://www.eksportkontroll.mfa.no>

Background

- Aligned with the Code of Conduct when it was established in June 1998
- Respects embargoes on arms sales imposed by the EU.

Relevant International Agreements

- OSCE Criteria on conventional arms exports.
- The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies.
- Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Landmines and on their Destruction.

Relevant national legislative and other provisions

- Law of 18 December 1987 no.93 on Control over the Export of Strategic Goods, Services and Technology;
- Ministry for Foreign Affairs Decree of 10 January 1989 to implement export regulations for strategic goods, services and technology.

CHAPTER 6 – EU COMMON MILITARY LIST

6.1.1 The EU Common Military List has the status of a political commitment in the framework of the Common Foreign and Security Policy. The most recent version of the EU CML was published in Official Journal L 88, pages 58-87, of 29 March 2007, and takes into account changes agreed within the Wassenaar Arrangement since publication of the previous list in March 2006.

6.1.2 The list will be updated to reflect changes in relevant international lists, and to incorporate any other changes agreed upon by Member States.

6.1.3 The most recent version of the EU CML is available at the following internet address: <http://www.consilium.europa.eu/export-controls> (i.e. the Security-related export controls web-page of the Common Foreign and Security Policy section of the Council Internet site).

FORM 1 - Denial Notification under the EU Code of Conduct

(* denotes an obligatory field)

1. Identification

- 1.1 Identification number* :
- 1.2 Notifying government* :
- 1.3 Country of final destination* :
- 1.4 Date of notification* :
- 1.5 Contact details for more information :

2. Goods

- 2.1 Short description of goods* :
- 2.2 Control list reference* :
(with sub-category if appropriate)
- 2.3 Quantity :
- 2.4 Value (voluntary) :
- 2.5 Manufacturer (voluntary) :

3. Stated End-Use* :

4. Consignee

- 4.1 Name* :
- 4.2 Address :
- 4.3 Country* :
- 4.4 Telephone number(s) :
- 4.5 Fax number(s) :
- 4.6 E-mail address(es) :

End-user (if different)

- 5.1 Name* :
- 5.2 Address :
- 5.3 Country* :
- 5.4 Telephone number(s) :
- 5.5 Fax number(s) :
- 5.6 E-mail address(es) :

6 Reason for Denial (Criteria)* :

7. Additional Remarks (voluntary) :

8. For brokering DNs only

- 8.1 Country of origin country of the goods :
- 8.2 Brokers' name(s)
- 8.3 Business address(es)
- 8.4 Telephone number(s) :
- 8.5 Fax number(s) :
- 8.6 E-mail address(es) :

FORM 2 - Amendment or Revocation of a DN under the Code of Conduct

(* denotes an obligatory field)

Identification

- 1.1 Identification number* :
- 1.2 Issued by* :
- 1.3 Country of destination* :
- 1.4 Effective date of amendment or revocation*:
- 1.5 Contact details for more information* :

For Amendments only

- 2.1 Information element(s) to be amended* :
- 2.2 New information element(s) :
- 2.3 Reason for amendment :

For Revocations only

- 3.1 Reason for revocation* :

FORM 3 - Denial Notification on Arms Broker Registration under the Council Common Position 2003/468/CFSP on the Control of Arms Brokering

(* denotes an obligatory field)

1. Identification:

1.1 Identification number*:

1.2 Notifying government*:

1.3 Denied broker*:

1.4 Regions or countries of final destination (if known):

1.4 Date of notification*:

1.5 Contact details for more information*:

2. Broker(s):

2.1 Denied broker:*

2.2 Other companies involved*:

2.3 Names and functions of persons involved*:

2.4 Business address(es)*:

2.5 Telephone number(s):

2.6 Fax number(s):

2.7 E-mail address(es):

3. Goods (if known):

3.1 Short description of goods:

3.2 Control list reference (with sub-category if appropriate):

3.3 Origin country of the goods:

3.3 Quantity:

3.4 Value:

3.5 Manufacturer:

4. Reasons for Denial*:

5. Additional Remarks: