



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

Session 2012-13

**Strategic Export Control: Her Majesty's Government's Annual
Report for 2010, Quarterly Reports for 2010 and 2011, Licensing
Policy and Parliamentary Scrutiny**

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

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Presented to Parliament by the Secretaries of State for Defence,
Foreign and Commonwealth Affairs, International Development and
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CONSOLIDATED GOVERNMENT RESPONSE TO CAEC ANNUAL REPORT 2012

1. The Committees recommend that, given the far-reaching significance of arms export and arms control decisions for the Government's trade, defence, foreign and international development policies, Oral evidence should continue to be given to the Committees on Arms Export Controls by the Secretaries of State. (Paragraph 4)

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

The Government's United Kingdom Strategic Export Controls Annual Report 2010 (HC 1402)

2. We recommend that the Government's United Kingdom Strategic Export Controls Annual Report continues to be presented to the House of Commons by the Secretaries of State for Business, Innovation and Skills, Defence, Foreign and Commonwealth Affairs and International Development (Paragraph 6)

We accept this recommendation. The Government's United Kingdom Strategic Export Controls Annual Report has been presented to the House of Commons by the relevant Secretaries of State for the last two years and for every year since first publication in 1997, except for the 13th edition (2009) where this was presented by Ministers. This is in line with the commitment made in the Consolidated Response to the Committees previous Annual Report (Cm 8079).

3. We further recommend that the Secretaries of State should include in their Annual Report information, not already published by the Government, that will assist Parliament and the wider public in understanding the Government arms export and arms control procedures, legislation and policies. (Paragraph 7)

We accept this recommendation. The Government's United Kingdom Strategic Export Controls Annual Report demonstrates the Government's commitment to responsible and transparent controls on Britain's strategic exports. We continue to look at ways to improve the presentation and content of the report to assist Parliament and the wider public in understanding our strategic export and control procedures, legislation and policies.

4. The Committees conclude that the extensive information provided by the Government to the Committees' questions on the Government's United Kingdom Export Controls Annual Report 2010 will be of considerable benefit to Parliament and the wider public. The Committees, however, recommend that the Government needs to eradicate the administrative error that led to the Government's answers being significantly delayed. The Committees further recommend that in future Annual Reports the Government should publish Case Studies of licence applications that are of genuine policy difficulty, such as the previous Government's 2008 Case Study of an application to export

armoured personnel carriers to Libya. The Committees also recommend that the Government include in its Annual Report not only its information required for the UN Register of Conventional Arms but also the information submitted by the UK Government for the EU's Annual Report of exports of military technology and equipment. Finally, the Committees also recommend that following the Foreign Secretary's decision to update sections of the FCO's annual Human Rights report on the FCO's website quarterly, the Government should state in its Response to this Report what quarterly website updating it will carry out on the United Kingdom Strategic Export Controls Annual Report. (Paragraph 10)

The Government welcomes the scrutiny of its strategic export controls by the Committees and will endeavour, as it currently does, to provide information to the Committees in a timely manner. In its 2011 Report the Government took note of the Committees previous comments about case studies and gave a broader picture of the policy difficulties behind export licensing decisions. The Government accept the Committees' recommendation that the Annual Report also contain the UK's return for the EU's Annual Report of exports of military technology and equipment, if publication deadlines will allow.

The Government does provide quarterly updates on the Countries of Concern identified in its annual Human Rights report and these can be accessed via links on the web page hosting the annual report. The Government does not consider that the Strategic Export Controls Annual Report has any content that lends itself to a similar quarterly updating process. However, statistical data about export licensing is updated quarterly on both the BIS and FCO websites. Furthermore, the Government also responds to the Committees questions on export licensing decisions on a quarterly basis and has been producing an unclassified version of these responses since Q1 2011 as well as retrospectively for Q3 and Q4 2010. The Committees have made these responses publicly available via their website, and in their Annual Report (HC 419) as Annex 1.

The Committees' Report of 2010-11 (HC 686)

5. We conclude that the Government's responses to the Committees have been uneven—varying from timely, to somewhat delayed, to unacceptably delayed. We recommend the Government reviews its internal organisation and procedures for responding to the CAEC so as to ensure that the Committees always receive timely and substantive responses to their recommendations and questions. (Paragraph 15)

We accept this recommendation. The Government has always endeavoured to provide timely and detailed responses to the CAEC. We have plans to facilitate the timely and effective cross-Whitehall consultation necessary to furnish the CAEC with the fullest possible response to their questions. We have also designed a user-friendly template to allow the Government to provide information to the CAEC more efficiently so the Committees can more easily identify information they wish to make publicly available.

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

6. We conclude that the Government was right to accept the Chairman of the CAEC's representations on behalf of the Committees that to a substantial degree the Government's answers to the Committees' questions on the Government's Quarterly arms export reports could be declassified and thereby made available to Parliament and the wider public in this Report as from Q3 2010 for the first time. The Committees recommend that both in the Government's Quarterly arms export reports and in its answers to the Committees' questions on those reports, the Government should provide the maximum disclosure of information on a non-classified basis consistent with safeguarding the UK's security and trade interests. (Paragraph 18)

The Government notes the Committees' conclusions. Classified and Unclassified responses to Quarterly questions have been provided since Q3 2010.

Errors in export controls to Somalia

7. The CAEC concludes that the Government was correct in informing the Committees of a potential breach by the UK Government of UN sanctions relating to three export licences issued for Somalia after 1 January 2009. The Committees recommend that in its Response to Government provides an assurance to the Committees that they will be informed, and informed promptly, of any future actual or potential breaches of arms export controls by the UK Government whether in relation to embargoed countries or in relation to any or all UK strategic export controls that are in place. (Paragraph 21)

The Government welcomes the Committees' conclusion about this potential breach. It is the Government's intention that any similar future incidents be handled promptly in the same manner.

Extra-territoriality

8. The Committees conclude that the distinction made by the Secretary of State for Business, Innovation and Skills in his letter of 2 February 2012 between activities that are prohibited and activities that are subject to licensing is not valid in the context of arms exports and extra-territoriality. The export of all Category A and Category B military goods (as detailed in Box A) by any person within the UK, or a UK person anywhere in the world, without a licence from the Secretary of State is already prohibited and is a criminal offence. The Committees continue to conclude that there is no justification for allowing a UK person to conduct arms exports overseas that would be a criminal offence if carried out by any person within the UK. On enforcement the Committees continue to conclude that the enforcement of extra-territoriality legislation has already been accepted by successive UK Governments in relation to all Category A and Category B military

goods. We further conclude that there is no reason why enforcement should prove any more difficult in relation to Category C military goods than in relation to all other areas detailed in Annex 2 to our Report where extra-territoriality legislation already applies. The Committees, therefore, continue to recommend that extra-territoriality is further extended to the remaining Military List goods in Category C. (Paragraph 29)

The Government reaffirms its position as set out in the Secretary of State for Business, Innovation and Skills' letter of 2 February 2012 (page Ev 155 of Volume II of HC 419). Our view is that the extension of extra-territorial trade controls to Category C goods would not be justified, and we do not therefore propose to act on this recommendation of the Committees for the time being.

We do not dispute the Committees' argument that it would be legally possible to subject to UK law any trade conducted by UK nationals anywhere in the world in Category C goods. However, we remain of the view that extra-territorial controls should be used rarely, and only in those cases where there is a compelling public interest in preventing UK nationals from carrying out a particular activity anywhere in the world. In the case of those activities which are currently subject to extra-territorial trade controls, we take the view that these controls are justified because the Government may well wish to seek to prevent the activities from taking place (for example, the brokering of small arms to a sensitive destination). We do not consider it likely that we would wish to prevent a UK national based outside the UK from arranging the movement of Category C goods between two non-embargoed destinations. This being the case, we do not believe it would be right to place the burden of a licensing requirement on UK nationals. We do not think that the burden is necessary, and we are concerned that it would hamper the employment of UK nationals in the defence industry overseas.

We stand ready to alter the scope of Categories A, B and C where necessary and where justified by the evidence.

“Brass Plate” Companies

9. The Committees conclude that the Government has failed to provide a substantive response to its recommendation in its 2011 Report regarding “Brass Plate” companies in the UK trading in arms from overseas locations with virtual impunity. The Committees repeat their previous recommendation that the Government states in its response to this Report what precise action it will take, including the results of its exploration of the possibility of using the Companies Act, to dissolve a company which is operating against the public interest. (Paragraph 33)

The Government continues to explore all opportunities for enforcement action against non-UK persons who transact undesirable arms trading and proliferation activities through the medium of companies incorporated in the UK. Current legislation is in place to make this possible. As always, we are unable to go into

details of enforcement activity in a public document. We stand ready to provide the Committees with a confidential briefing on enforcement issues.

A pre-licence register of arms brokers

10. The Committees conclude that the Government should consider very carefully whether it should do more to protect access to the UK's arms export licensing system by those arms brokers whom the BIS Minister, Mark Prisk, described to the Committees as "the kind of rogues we are trying to deal with here". We, therefore, repeat our previous recommendation that the Government carries out a full review of the case for a pre-licence register of arms brokers, that its review includes a public consultation and is concluded with a Ministerial decision within four months of the start of the consultation. (Paragraph 38)

As previously discussed between the Government and the Committee, the SPIRE system already fulfils some of the functions of a register of brokers, in that any UK person engaging in activities subject to trade controls (also referred to as "brokering") is obliged to register prior to engaging in any such activities. The Secretary of State for Business Innovation and Skills has asked his officials to consider, as part of his broader work on the transparency of the export licensing system, whether the Government could publish the names of those companies who are registered on SPIRE for the use of trade control licences. As a first step, the Government has published a list of those companies who are registered to use the Open General Trade Control Licence for Maritime Anti-Piracy services. The Government's intention is that this initiative should achieve the objective sought by those who support the establishment of a register of brokers.

EU dual-use controls

11. The Committees conclude that the Government's decision to make public its response to the EU Commission's Green Paper on the EU's dual-use export control system was welcome. The Committees recommend that the Government in its Response to this Report, and subsequently, informs the CAEC as to which of the UK Government's proposed changes to the EU Dual-use Regulation have been successfully achieved, and also as to the outcome on the EU Commission's proposed changes which the UK Government does not support. (Paragraph 43)

The Government notes the Committees' Recommendation. However the European Commission's Green Paper on the Dual-Use Export Control System of the EU is only the first step in a broad review of dual-use export controls. As stated in its Green Paper the Commission do not expect to introduce legislative proposals until 2013-2014 and it will therefore not be possible to report on "outcomes" until the subsequent legislative process is complete.

EU end-use control of exported military goods

12. The Committees recommend that the Government in its Response to this Report states the reasons as to why it has no plans to bring forward amendments to UK legislation necessary to implement a national military end-use control when the Government has stated in its response to the European Commission's Green Paper on the EU dual-use export control system that the current military end-use control "is too narrow". The Committees further recommend that the Government states in its Response to this Report whether the European Commission has accepted the British Government's proposals for an expanded Military End-use Control as set out in the Foreign Secretary's letter to the CAEC of 30 September 2011 and in the Government's response to the European Commission Green paper on the dual-use export control system of the European Union, and if not what further steps the Government will now take. (Paragraph 48)

The Government considers that a separate military end-use control, implemented solely on a UK basis alongside the existing EU military end-use control, would carry legal risks and would likely be ineffective in practice. We continue to pursue our objectives in discussion with EU colleagues.

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

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

a) sets out the specific changes it has made since coming into Office in the UK's export control procedures and legislation either to prohibit the export altogether, or to make subject to export licensing and end-use control, items of torture equipment, including items used to carry out capital punishment, detailing the specific items concerned, the countries to which their export is now prohibited or is subject to export licensing and end-use control, and any expiry time limits set on the relevant procedures and legislation;

On 30 November 2010 the Government imposed controls on the export to the USA of the drug sodium thiopental. This control was imposed for a period of 12 months as an emergency measure based on evidence presented to us by the charity Reprieve of an imminent risk of exports from the UK for the purpose of carrying out executions by lethal injection in the USA. On 16 April 2011, following further representations by Reprieve, the Government imposed temporary (12-month) controls on export to the USA of three additional drugs used in lethal injection, namely pancuronium bromide, sodium pentobarbital and potassium chloride, and extended the existing control on sodium thiopental. On 16 April 2012, following expiry of these temporary controls, the Government made permanent the control on export to the USA of pancuronium bromide. Note: the controls on sodium thiopental and sodium pentobarbital were not renewed because they were made subject to control under the EU Torture Regulation in December 2011 (see below); the control on potassium chloride was not renewed because this substance is very widely available worldwide and we have no evidence of any current risk of its export from the UK for use in lethal injection. On 10 August 2012 the Government

imposed controls on the export to the USA of the drug propofol. This followed the decision by the State of Missouri to amend its execution protocols to permit the use of propofol, and in light of evidence of a shortage of propofol for clinical use in the USA which may lead some states to procure the drug from the UK.

b) provides the CAEC with the outcome of the EU Commission's review of the content of the Annexes of Regulation 1236/2005 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment which was expected to be finalised by the end of 2011 and the UK Government's view as to whether this outcome is satisfactory or requires amendment;

Commission Implementing Regulation (EU) No 1352/2011 of 20 December 2011 amending Council Regulation (EC) No 1236/2005 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment was published in the Official Journal of the European Union on 21 December 2011 (OJ L 338, 21.12.2011, p31) and came into force on the same day. This amendment:

- **added electro-shock sleeves and cuffs designed for restraining human beings and having a no-load voltage exceeding 10,000 Volts, and spiked batons ("sting sticks") to Annex II (the list of goods whose import and export is prohibited); and**
- **added short and intermediate acting barbiturate anaesthetic agents which could be used for the execution of human beings by means of lethal injection to Annex III (list of goods whose export to any destination outside the EU requires prior authorisation). This includes sodium thiopental and sodium pentobarbital.**

The Government is satisfied with this outcome, pending the further review of the Torture Regulation referred to below.

c) provides the CAEC with a copy of the UK Government's submission to the EU Commission for the Commission's broad review of the EU Torture Goods Regulation being carried out in the first half of 2012; and

We understand that the Commission's review of the Torture Regulation has been delayed and will not now be completed until 2013. The Government has as yet made no submission on this subject.

d) states whether it is still the UK Government's policy that it does not intend to prepare draft UK national legislation on torture end-use control and end-use control of goods used for capital punishment, and if so, explains why not. (Paragraph 55)

The Government referring to its answers to questions 13 (a) to (c) above, reiterates its determination to act in cases where there is a clear risk of other UK products being used in torture and capital punishment, including the use of export controls where these are likely to be effective. Our preference is always to secure action on an EU level, but we have in the past and will continue to take emergency

measures in UK law where this is necessary. Our experience suggests that list-based controls – in other words, controls which identify particular products of concern – are more likely to be effective than horizontal end-use controls which can have uncertain impacts on legitimate trade and also be difficult to enforce. For this reason we intend to work on the basis of list-based controls as opposed to end-use controls in the area of torture / capital punishment goods for the time being, although obviously we keep this under review in the light of experience.

Re-export controls and undertakings

14. The Committees recommend that the Government in its Response details the controlled goods, for which either the previous Government or the present Government approved licences for export, that it believes were subsequently re-exported for undesirable uses or to undesirable destinations, stating in each case the country to which the goods were originally exported and the eventual undesirable use or undesirable destination. (Paragraph 58)

The Government has no information regarding whether any such undesirable re-transfers have indeed taken place.

Licensed production overseas

15. The Committees recommend that the Government in its Response to this Report states what breaches of UK arms export control policies it believes have occurred under both the previous and the present Government as a result of the export of UK-designed goods from licensed production facilities overseas, specifying in each case the description of the goods concerned, the country in which they were produced and the country to which they were subsequently exported. The Committees further recommend that the Government sets out in its Response what steps it will take to prevent UK arms export policies being breached as a result of the export of UK-designed goods from licensed production facilities overseas. (Paragraph 60)

The Government has no information regarding whether any such undesirable re-transfers have indeed taken place.

The Consolidated Criteria

16. The Committees recommend that in its Response to this Report the Government explains why its updating of the wording of the Consolidated and National Arms Export Licensing Criteria before the end of 2011, as stated in its previous Response (Cm 8079), was not achieved by that date and that it provides the updated wording in its Response to this Report. The Committees further recommend that in its Response to this Report the Government states whether it considers that the UK Government is fully compliant with each of the Articles in the EU Common Position 2008/944/CFSP of 8 December

2008 “defining common rules governing controls of exports of military technologies and equipment”, and, if not, to specify in which respects it is non-compliant. The Committees also recommend that as the EU Common Position is to be reviewed three years after its adoption, on 8 December 2008, the Government sets out in its Response the changes to the EU Common Position to which it will be seeking agreement. Finally, the Committees recommend that where the UK’s arms export policies are arguably more stringent than those set out in the EU Common Position, for example in the light of the Foreign Secretary’s Oral evidence to the Committees on 7 February 2012 with regard to exports which might be used to facilitate internal repression, the UK Government should adhere to its own policy. The Committees wish to be assured by the Government in its Response that this will be the case. (Paragraph 65)

The Government was unable to update the wording of the Criteria during 2011 as other work such as implementing the Review of Export Control Policy was of more immediate priority. As stated in the Government’s response (Cm 8079) to the Committees previous Report, the Government does not accept that the application of the Consolidated Criteria is in anyway less robust than the EU Common Position. However, it is still the Government’s intention to update the wording of the Consolidated Criteria as soon as practicable.

The Government is satisfied that it is compliant with the Articles in the EU Common Position 2008/944/CFSP. The review of the EU Common Position is ongoing and as yet it is not clear that there will be any changes for which the Government will need to seek agreement.

As stated in the EU Common Position, “Member States are determined to set high common standards which shall be regarded as the minimum for the management of, and restraint in, transfers of military technology and equipment by all Member States”. Therefore, the Government is able to operate more stringent controls if this is deemed necessary. It is the Government’s intention to adhere to its own policies at all times.

Charging for processing arms export licences

17. The Committees conclude that the Government’s decision not to introduce charging for the processing of arms export licences is welcome as a charging system would, at least in the public perception, have compromised the independence of the Export Control Organisation from the arms export industry. The Committees recommend that such policy decisions by Ministers are made known to the CAEC wherever possible when they are made and not in the course of Oral evidence by Ministers. (Paragraph 72)

The Government will make every effort to ensure any future policy decisions are made known to the CAEC at or shortly after the time they are made.

Performance

18. We recommend that the Government in its Response to this Report

a) sets out the specific steps it is taking to achieve its 20 and 60 working day targets for both processing and determining appeals for Standard Individual Export Licences (SIELs); and

The Government has a programme of service improvement in the field of export licensing. We are pleased to be able to inform the Committees that both the 20 day and 60 day processing targets were exceeded during the first six months of calendar year 2012.

b) states whether it will be setting processing and determining appeals targets for Open Individual Export Licences (OIELs) and Open General Export Licences (OGELs) and, if so, what these targets will be.

For the reasons stated in paragraph 3.8 of the Government's Annual Report on Strategic Export Controls we do not set targets for the processing of applications for OIELs or OITCLs. However the Quarterly and Annual Data Reports available on the Strategic Export Controls: Reports and Statistics website (<http://www.exportcontroldb.bis.gov.uk>) do contain information on the number and percentage of OIELs/OITCLs processed within 20 and 60 days, both in total and broken down by destination. There is no application process for OGELs – in most cases exporters are able to use them immediately upon registration – and so it is not appropriate to set a target.

There is no appeals process for open licences. If an application for an OIEL is rejected, or if an exporter's registration for an OGEL is suspended or revoked, that exporter may still apply for SIELs for the transactions concerned.

The Committees further recommend that, the Government in seeking to meet its arms export licence processing and appeal targets must comply in all cases and at all times with its arms export control policies as stated in the relevant legislation and in the Consolidated Criteria, and the Committees wish to be assured by the Government in its Response to this Report that this will be done. (Paragraph 80)

The Government can confirm that it will continue to comply with its export control legislation and policies in seeking to meet its targets on licence processing and appeals.

Review of the ECO

19. The Committees recommend that the Government in its Response to this Report

a) sets out what specific aspects of the ECO's performance it is reviewing, what conclusions it has reached in respect of each aspect being reviewed and what specific action it is taking as a result; and

b) states when it will be providing the Committees with a further report on its review of the OGEL system previously promised to be available at the end of 2011. (Paragraph 84)

The Government has a programme of service improvement in the field of export licensing. The Government will shortly be consulting exporter representative organisations on proposed improvements to the Open Individual Export Licensing application process. On 31 July we published the first of a series of redrafted Open General Export Licences (Military Components) which have received the Plain English Campaign's "Crystal Mark".

Transparency of arms export licensing

20. The Committees conclude that the Government's commitments to introduce greater transparency into the export licensing system are welcome. The Committees recommend that the Government keeps the CAEC fully informed of the specific changes that will be made to achieve greater transparency of the export licensing system following the responses it receives to the *Government's Discussion Paper on Transparency in Export Licensing*. (Paragraph 91)

Mark Prisk, the then Minister of State for Business and Enterprise, wrote to the Committees on 12 July to draw their attention to the Secretary of State's Written Ministerial Statement of 13 July 2012.

Priority markets for UK

21. The Committees conclude that, notwithstanding the fact that the Chairman of the Committees wrote to the BIS Secretary of State on 21 November 2011 specifically requesting that the UKTI DSO's Markets for 2011/2012 be made available to the Committees before Ministers gave Oral evidence on 7 February 2012, the Government was remiss in failing to ensure that the final Priority Markets list reached the Committees before Ministerial Oral evidence was given. The Committees recommend that in its Response to this Report the Government sets out fully the reasons why Libya and Saudi Arabia remain within the UK Trade and Investment Defence and Security Organisation's Priority Markets list for 2011/2012 when both countries are also listed by the Foreign and Commonwealth Office in its latest Human Rights and Democracy Annual Report as being Countries of Concern. (Paragraph 95)

The Government is confident that the UK's Export Licensing process is robust enough to address any issues affecting Human Rights and Democracy concerns arising from individual product sales. All export licences are considered case-by-case against the Consolidated Criteria in light of circumstances at the time the application is made, and depending on the end use of the goods.

Saudi Arabia remains a priority market as it is a key strategic partner for the UK. Defence and security sales are seen as an integral part of that relationship. Saudi Arabia has consistently been the UK's largest defence export destination for the last decade; there is considerable demand from UK industry for DSO support in this market, as evidenced by the sector's Trade Association (A|D|S) marketing plan for 2012. While Saudi Arabia does feature as a Country of Concern in the FCO's Annual Human Rights Report 2011, our commercial relationship does not prevent us from speaking frankly and openly to the Saudi authorities about issues of concern, such as human rights. Several human rights issues about which we are deeply concerned have been raised this year by Ministers with members of the Saudi government and we will continue that dialogue.

Following announcement of the UN Arms Embargo, all existing export licences for goods and technology that could be used for internal repression were revoked and all future export licence applications continue to be assessed in light of the Embargo against Libya. Export licences for military or paramilitary equipment will not be issued unless they fit one of the exceptions set out in the Embargo (for example, if an export is humanitarian, or for the media, or for UN peacekeeping, or if the export provides security or disarmament assistance to the Libyan authorities).

After 40 years of Qadhafi's regime, Libya has a range of urgent civil security and defence needs, particularly in areas such as border security and air force reconstruction. Assisting the Libyan authorities in their efforts to build a stable country with secure borders and the ability to defend itself is a government priority and in line with the UK's wider support to the Libyan transition. The UK also has a clear interest in helping the Libyan authorities to defend its borders, as it will help to secure potential illegal immigration routes into Europe.

The Government therefore regards Libya as a priority market for the UK Security industry and this message has been reinforced by UK ministerial visits to Libya since September 2011. Again, the Government is confident that the UK's Export Licensing process is robust enough to address any issues affecting Human Rights and Democracy concerns arising from individual product sales and consequently, it was right to reiterate Libya as a priority market.

Trade Exhibitions

22. The Committees conclude that the Government's supervision of the "Defence and Security Equipment International" (DSEi) Exhibition in London in September 2011 to ensure strict adherence by the organising company Clarion Events of the terms and conditions of its Open Individual Trade Control Licence from the BIS was inadequate, as was the supervision by the company itself. The Committees further conclude that it is a matter of much concern that the information that certain Category A items were being promoted on the Beechwood Equipment stand and that cluster munitions were being promoted on the Defence Export Promotion Organisation of Pakistan and the Pakistan

Ordnance Factories stand was discovered by visitors to the exhibition and not by either the exhibition's organisers or by the Government. The Committees recommend that the Government takes all steps necessary to ensure that no breaches of the term and conditions of the BIS licence to the organisers of the next DSEi event in 2013 occur. The Committees further recommend that in its Response to this Report the Government states:

a) whether or not it considers the law in this area is satisfactory with particular reference to Article 21 of the Export Control Order 2008, and;

b) whether there is any mismatch in the Government's interpretation of the relevant law between that set out in the BIS Guidance on the Impact of UK Trade Controls on Exhibitions and Trade Fairs and that set out by the Secretary of State, Vince Cable, in his letters to the Committees of 13 February and 26 March 2012. (Paragraph 102)

The Government does not agree with the Committees' conclusion that the two instances of promotion of undesirable materials via exhibition stands at DSEI 2011 are evidence of a lax approach to enforcement. Nevertheless, the Government will work with the organisers of DSEI 2013 to reiterate to potential exhibitors that the promotion of certain goods and technology is unacceptable at an exhibition in the UK. The Government does not consider that any change to UK law is necessary to allow proper supervision of trade exhibitions to take place, nor do we believe there is any mismatch between BIS' published guidance and the Secretary of State's letters of 13 February and 26 March 2012 (pages Ev 165 and 180 of Volume II of HC 419).

Enforcement

23. The Committees recommend that the Government in its Annual Strategic Export Controls Report provides the same information on compliance for holders of Standard Individual Export Licences (SIELs) as it already provides in its Annual Report for holders of Open Individual Export Licences (OIELs). The Committees further recommend that the Government states in its Response to this Report

The Committees' recommendation regarding non-compliance figures for SIELs appears to be based on a misunderstanding of the Export Control Organisation's (ECO's) compliance process. With one exception (explained below) the ECO's Compliance Inspectors only audit those companies and individuals who export or trade under Open Individual or Open General Export Licences (OIELs, OGELs), or Trade Licences (SITCLs, OITCLs and OGTCLs), to ensure that these licences are being used correctly and that the licence conditions are being met. These audits are required because of the very different nature of these licences compared to Standard Individual Export Licences (SIELs).

A SIEL permits the export of a specific quantity of specified items to a single named end-user. All relevant supporting documentation, such as end-user undertakings and technical specifications, are submitted as part of the licence

application process, so that there is a very clear picture of the proposed export before the licence is issued. Verification that the licence is being used correctly is carried out at the UK border by the Border Force working with HMRC.

In contrast, an OIEL may permit export of an unlimited quantity of a wide range of items to a number of recipients in a number of destinations over a period of up to 5 years. In the case of OGELs, these licences can be used by any company or individual subject to the exporter satisfying themselves that all the terms and conditions can be met. Trade licences authorise the movement of goods between two or more overseas countries. In all of these cases we consider that additional checks are required on a periodic basis to ensure the licences have been used correctly, either because we do not receive full information about the proposed transactions before they take place or because the goods do not move across the UK border. The compliance audit fulfils this function.

The only circumstance where the ECO does audit the use of SIELs is where the licence authorises electronic transfers of software or technology because in this case there is no physical movement of an item across the UK border. However, because this represents a very small proportion both of the number of SIELs issued and the number of compliance audits undertaken it would be misleading to publish separate compliance figures for such transactions made under SIELs.

a) in how many of the 134 cases of the Government's seizures in 2010-11 of military equipment, dual-use goods or goods subject to sanctions because of breaches of licence requirements have the cases been referred to the Crown Prosecution Service, and in how many of these cases have prosecution been initiated; and

So far none of the 134 seizures made in 2010-11 have been referred to the Crown Prosecution Service. The Government assesses that the majority of seizures occur as a result of administrative mistakes and a lack of knowledge by exporters. These types of breaches are normally dealt with by issuing of warning letters and criminal prosecution would be a disproportionate action in most cases. Only a relatively small number of seizures occur as a result of deliberate illegal activity intended to evade UK export controls. These more serious cases are those which would be more likely to result in criminal prosecution.

b) what it considers to be the difficulty the Government has, including under present legislation, in achieving compliance with, and enforcement of, its arms export controls. (Paragraph 105)

The Government is satisfied that the current legislation provides an adequate legal framework to encourage compliance with, and deliver enforcement of, arms export controls. The Government believes that compared to the number of licences granted and the volume of goods exported under licences, the current levels of non-compliance are relatively low and the current compliance and enforcement response is proportionate and effective.

The Government believes that the majority of UK exporters seek to comply with the rules and that the majority of breaches of arms export controls are of a less serious nature. The government works hard to ensure that non-compliance is identified and all credible allegations of breaches of the controls are investigated.

HMRC examines all credible reported cases of non-compliance and once an assessment has been made a proportionate enforcement response is delivered. These can range from the issuing of warning letters and compound penalties for less serious breaches through to criminal prosecution for those cases of serious non-compliance.

BIS and HMRC also invest time and resources in educating trade and industry in order to improve knowledge on export controls, with a view to reducing administrative errors.

The most significant challenges to effective enforcement are attributable to wider factors such as the increasing volumes and changing dynamics of legitimate international trade and passenger movements.

Compound penalties

24. The Committees recommend that now the present compound penalty regime in relation to arms exports has been in operation for two years, the Government in its Response to this Report provides an assessment of its strengths and weaknesses as shown to date, and details the improvements it wishes to implement. (Paragraph 112)

The Government has monitored the operation of the compound penalty regime since it was implemented in April 2010. In that period HMRC have issued a total of 24 penalties worth £1,198,700, with the largest penalty £350,000 and the smallest £1,000. These penalties have been issued for a range of suspected breaches.

The Government believes that the compound penalty regime has proved to be an effective and efficient alternative to the introduction of civil penalties for strategic export control offences. The Government believes that use of compound penalties has strengthened the strategic export control enforcement framework, and has complimented measures taken by BIS to improve deterrence, for example, by withholding the use of open licences from exporters that do not comply with licence conditions. We note and welcome the increase in voluntary disclosures we have seen since the introduction of this penalty regime and the improved dialogue this has given us with trade and industry.

HMRC continues to monitor the progress of the regime and they will work closely with exporters, trade bodies and partners across Government to ensure it remains effective, proportionate and appropriately utilised. We will look to identify potential improvements and implement them where possible.

Crown Dependencies

25. The Committees conclude that the MS Thor Liberty incident revealed how ships registered in the Crown Dependencies could provide a means whereby shipments of arms could occur that would be in breach of UK Strategic Export Controls if carried out by a vessel registered in the UK. The Committees recommend the Government in its Response to this Report states whether it will give consideration to bringing the Crown Dependencies within the ambit of UK Strategic Exports Control legislation. (Paragraph 117)

The Government does not agree with the Committees' conclusion that a shipment of arms on board a UK registered vessel would necessarily be a breach of UK strategic export controls. A vessel or aircraft registered in the UK is not considered to be part of the UK nor is it a "UK person" as defined in section 11 of the Export Control Act 2002. Therefore carriage of controlled military goods by such a vessel or aircraft is not itself a breach of UK export or trade controls. In any event, UK strategic export control legislation has already been applied in the Crown Dependencies by the authorities of the Crown Dependencies themselves.

Combating bribery and corruption

26. The Committees conclude that the Government's unqualified confirmation that if it becomes aware of corruption in arms deals it will take appropriate action under the provisions of the Bribery Act 2010, regardless of whether there is a risk of diversion or re-export under Criteria 7, is welcome. (Paragraph 120)

The Government notes the Committees' conclusion.

27. The Committees conclude that an examination of the EU's Common Position on arms exports, the text of which is set out fully in Annex 4 of this Report, shows that there are numerous grounds in the Common Position on which Member States should refuse an arms export licence based on the perception of the destination country, for example where the arms might be used to facilitate internal repression, where there have been serious violations of human rights, or where sustainable development would be seriously hampered. The Committees, therefore, do not accept the Government's view that: "It would not be appropriate to base an assessment [of an arms export licence application] merely on the perception of corruption in the destination country." The Committees continue to recommend that the Government gives full consideration to proposing the insertion of an additional Criterion into the EU Common Position on arms exports obliging Member States to assess the risk of bribery and corruption before approving an arms export licence to any country. (Paragraph 122)

The Government does not share the Committees' interpretation of the EU Common Position on arms exports. The Common Position requires a case-by-case assessment of each export licence application (Article 1). "Case-by-case" means making the assessment based on the particular facts and circumstances of the

proposed export. The Common Position sets out for each of the Criteria a range of factors that Member States should take into account in making their assessments. However, these factors are not to be taken in isolation as a reason for refusal but must be viewed in light of the nature of the specific proposed export. Only where this case-by-case assessment indicates there is an unacceptable risk of the proposed export breaching the Criteria would a licence be refused. In the same way, the Government continues to believe that it would not be appropriate to refuse an export licence simply because a country was perceived to be corrupt; instead it would be necessary to assess the risk that the proposed export in question had been subject to corrupt practices.

International Development

28. The Committees recommend that the Government in its Response to this Report states whether the methodology in Criterion 8 has been changed from that at Annex C of the United Kingdom Strategic Exports Controls Annual Report 2007, and, if so, to provide the Committees with the complete text of the changed methodology. (Paragraph 125)

There has been no change to the methodology used by the Government in relation to Criterion 8. The Government uses the most recent list of IDA eligible countries for the assessment of export licence applications.

29. The Committees recommend that the Government provides in its Response to this Report the outcome of the Department for International Development's consideration of its role in the UK's arms export control system, including which are the most appropriate Criteria in the Consolidated Criteria on which it considers it should be consulted. (Paragraph 127)

DFID already leads on assessing export licences applications against Criterion 8. The Government is currently considering the best way for DFID to bring to bear their specialist expertise and analysis for export licence decisions, including possible contributions to assessment against other Criteria, and will inform the Committees of the outcome in due course.

UK/US Defence Trade Cooperation Treaty

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

a) states when it will be providing the further note to the Committees as to whether the Treaty processes are robust and effective following completion of the Pathfinder testing and Approved Community trials; and

b) sets out the latest position on the Government's development of a Treaty-specific UK Open General Export Licence (OGEL) for use by UK members of the Approved Community. (Paragraph 132)

The US-UK Defence Trade Co-operation Treaty was finally brought in force on 13 April 2012 through an Exchange of Notes with the US Government. The key parts of the Treaty are currently being worked through and we are reassured that the process for adding projects to the list of UK Government end uses and intermediate consignees has already been successfully tested and proven by the Pathfinder projects outlined in the Annex to the Foreign Secretary's letter to the Committees of 30 September 2011.

The Secretary of State for Business, Innovation and Skills granted on 16 May 2012 an Open General Export Licence for Exports under the US-UK Defence Trade Co-operation Treaty. The licence is published on the Government's Business Link website and on registration is available for use by UK members of the Treaty Approved Community.

31. The Committees recommend that the Government in its Response to this Report sets out in what precise ways, if any, the coming into effect of the UK/US Defence Trade Cooperation Treaty will reduce the UK Government's controls over arms exports from the UK to the US, and the transparency of such exports to Parliament and the public. (Paragraph 135)

The entry into force on 13 April 2012 of the US-UK Defence Trade Co-operation Treaty does not reduce the Government's control over exports of military goods and technology from the UK to the US. Treaty items remain under UK export control. The exporter needs to have an appropriate UK export licence in place, the details of which are reported as they are now.

In the case of Open General Export Licence use, the Business Secretary's Written Ministerial Statement of 13 July this year proposed that consideration be given to inserting into all open export licences a provision requiring the exporter to report periodically on transactions undertaken under these licences. The Government will then publish this information.

UK-France Defence and Security Co-operation Treaty

32. The Committees recommend that the Government in its Response to this Report sets out in what precise ways, if any, the coming into effect of the UK/France Defence and Security Co-operation Treaty will reduce the UK Government's controls over arms exports from the UK to France, and the transparency of such exports to Parliament and the public. (Paragraph 139)

The entry into force on 2 November 2010 of the UK-France Defence Co-operation Treaty does not reduce the Government's control over exports of strategically controlled goods and technology from the UK to France. Items remain under UK export control. The exporter needs to have an appropriate UK export licence in place, the details of which are reported as they are now.

In the case of Open General Export Licence use, the Business Secretary's Written Ministerial Statement of 13 July 2012 proposed that consideration be given to inserting into all open export licences a provision requiring the exporter to report

periodically on transactions undertaken under these licences. The Government will then publish this information.

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

33. The Committees recommend that the Government in its Response to this Report states precisely what legislative and procedural changes the Government will be making to its arms export controls in order to implement and comply with the EU Directive on Intra-Community Transfers of defence-related products. The CAEC further recommends that the Government monitors compliance with the Directive by other EU Member States and reports back to the Committees on any breaches of the EU Code of Conduct on Arms Exports of as a result of this Directive of which it becomes aware. (Paragraph 143)

Details of legislative changes are set out in the Export Control (Amendment) (No.2) Order 2012 – SI 2012 No.1910. Information on other changes can be found in Notice to Exporters No 2012/37 on the BIS website

[<http://www.bis.gov.uk/assets/biscore/eco/docs/notices-to-exporters/2012/notice-to-exporters-2012-37-ict-directive-implementation.doc>]

The Government does not expect the Directive to lead to any breaches of the EU Common Position on arms exports. We will continue to raise any concerns regarding possible breaches of the EU Common Position on arms exports by other Member States through the EU Council Working Group on Conventional Arms Exports (COARM).

34. Finally, the Committees in its Response to this Report sets out what precise ways, into effect of the EU Intra-Community Directive will reduce the UK Government's controls over arms exports from the UK to EU Member States, and the transparency of such exports to Parliament and the public. (Paragraph 144)

The implementation of the ICT Directive (2009/43/EC) has led to minimal change to our export licensing system as the ICT model is heavily UK-inspired. Controls on military items will remain the same. Exports from the UK to EU Member States made under this Directive will continue to be made public as now.

Cluster Munitions

35. The Committees recommend that the Government in its Response to this Report sets out what steps it will take in relation to UK-based financial institutions who may be financing, directly or indirectly, or investing in manufacturers of cluster munitions. The Committees conclude that the Government's decision to resist attempts to weaken the Convention on Cluster Munitions with draft Protocol 6 was welcome. The Committees further recommend that the Government continues to strive strenuously for, as the Minister for Europe David Lidington has stated, "a world free of cluster munitions." (Paragraph 155)

The Cluster Munitions (Prohibitions) Act 2010 comprehensively implements in UK law the prohibitions on the use, transfer, production and stockpiling of cluster munitions which are set out in the Convention on Cluster Munitions. Financing and investment are not mentioned in the Convention. Consequently, the concepts are not mentioned in the UK's Cluster Munitions (Prohibitions) Act, which was faithfully modelled upon the definitions and requirements of the Convention and thus enabled us to ratify the Treaty. During the passing of the Act it was, however, made clear that the direct financing of cluster munitions production was captured by the Act's prohibitions on assisting a prohibited act, and is therefore illegal. Indirect financing – such as the purchase of shares in or the provision of loans to large multinational conglomerates that amongst often many other activities may be involved in the manufacture of cluster munitions – is not captured by the prohibitions of the Act. We consider this form of indirect financing an issue for individual institutions to consider under their own investment charters and social corporate responsibility agendas. The Government believes that active diplomatic efforts by the UK and other states to globalise the Convention and support clearance work in affected countries are the areas in which the UK Government can add most value to our shared goal of globalising the ban on cluster munitions and tackling their humanitarian impact. We will continue to use all appropriate bilateral and multilateral opportunities to promote the universalisation of the Convention and its ambition of a world free of cluster munitions.

Arms Trade Treaty (ATT)

36. The Committees conclude that the Government has put at risk the UK's previous leading role in the drafting and negotiation of the Arms Trade Treaty by failing to maintain continuity of FCO staff at a senior level with this responsibility. The Committees also conclude that the Government's commitment to achieving an Arms Trade Treaty with the broadest possible scope, including ammunition, is welcome. The Committees further conclude that the Government's statement that it is supportive of an Arms Trade Treaty addressing the issue of corruption is welcome, though in stark contrast to the Government's refusal to accept the Committee's recommendation that the EU Common Position on arms exports should also include the issue of corruption (see paragraph 122). The Committees recommend that the Government deploys the staffing resources required at a sufficiently senior level, necessary to achieve a comprehensive and effective Arms Trade Treaty. (Paragraph 165)

The Government does not accept the Committees' conclusion that it put at risk the UK's leading role in the drafting and negotiation of the Arms Trade Treaty. This point was addressed at length by the Foreign Secretary and Sarah MacIntosh, Director of Defence and International Security, Foreign and Commonwealth Office, during the Committees' Oral Evidence session on 7 February 2012 (see page Ev 16 of HC 419 Volume II). It is not clear why the Committees have chosen not to give appropriate weight to this evidence in the face of less substantive evidence from other sources. The UK Delegation in New York, led by Jo Adamson, Ambassador to the Conference on Disarmament, consisted of officials from the Foreign and

Commonwealth Office, Ministry of Defence, Department for International Development and the Department for Business, Innovation and Skills. Alistair Burt, Parliamentary Under-Secretary of State at the FCO and Alan Duncan, Minister of State at DFID both travelled to New York to take part in the negotiations and other Ministers, including the Deputy Prime Minister and the Foreign Secretary, lobbied key states by phone and in person. Despite exerting every effort to negotiate a strong agreement, utilising Ministers and officials in London, New York and across our network of Embassies and High Commissions, we were unsuccessful in obtaining agreement to a robust and balanced Treaty text. Although the vast majority of states were able to accept the Treaty text, a small number of countries asked for more time to consider this further, which given the requirement for full consensus meant that agreement was not possible. As the Foreign Secretary has made clear, the Government was very disappointed that the negotiations did not reach a conclusion. The main features of the draft Treaty were:

- **A first ever set of global commitments on national arms export controls. A global baseline for regulating arms exports.**
- **The first ever international legally binding agreement on the transfer of Small Arms and Light Weapons.**
- **Controls on exports of ammunition and military parts and components**
- **A requirement for countries to regulate brokering**
- **A commitment that arms transfers will be assessed on the basis of criteria including human rights, and refused if they pose unacceptable risks**
- **Mainstreaming sustainable development and anti-corruption into arms export controls.**

Despite this delay in securing a Treaty, much progress was made. The Government is determined not to lose the momentum generated and will continue to work with industry and civil society to drive forward the international effort towards achieving a Treaty. The UN General Assembly in the autumn, to which the Chair of the Conference, Ambassador Moritan, is sending his report, will be the next opportunity to address the issue amongst the whole UN membership. The Government's priority is to bank the progress made to date and push on to agree a Treaty.

Sub-strategic and tactical nuclear weapons

37. The Committees recommend that the Government sets out in its Response whether it wishes to see any change in NATO's policy of deploying tactical nuclear weapons in

Europe, and whether it is taking any steps to facilitate multilateral reductions in US and Russian tactical nuclear weapons. (Paragraph 168)

Since the end of the Cold War, NATO has dramatically reduced the number, types and readiness of nuclear weapons stationed in Europe and its reliance on nuclear weapons in Alliance strategy. Allies stated in the Deterrence and Defence Posture Review (DDPR) published at the Chicago Summit in May that nuclear weapons remain a core component of NATO's overall capabilities for deterrence and defence alongside conventional and missile defence forces and that as long as nuclear weapons exist, NATO will remain a nuclear alliance.

Nonetheless, the Alliance declared its willingness to consider further reducing the requirement for short range nuclear weapons assigned to NATO in the context of reciprocal steps by Russia, taking into account greater Russian stockpiles of short range nuclear weapons stationed in the Euro-Atlantic area, and developments in the broader security environment. The UK will support any measures agreed among all Allies which ensure adequate burden sharing, preservation of the trans-Atlantic link, and an ongoing commitment to safe, secure and effective weapons.

The next round of arms control discussions with Russia needs to be bilateral between the US and Russia. We hope that any follow-on negotiations from the US-Russia New START Treaty will include short range as well as strategic nuclear weapons. We and our NATO Allies look forward to continuing to develop and exchange transparency and confidence-building ideas with the Russian Federation in the NATO-Russia Council, which we hope will facilitate this process.

Fissile Material Cut-Off Treaty

38. The Committees recommend that the Government in its Response to this Report sets out what policies it is pursuing to break the deadlock at the Conference on Disarmament in Geneva over the drafting of a Fissile Material Cut-off Treaty and whether it supports the transfer of responsibility for the drafting of this Treaty to the United Nations in New York. (Paragraph 172)

The Government remains committed to achieving a Fissile Material Cut-off Treaty (FMCT). The United Kingdom announced in 1995 that it had ceased all production of fissile material for explosive purposes. An FMCT would constrain production of fissile material for weapons purposes by putting in place a legally binding and verifiable ban on the future production of such material for use in nuclear weapons or other explosive devices.

The Government will continue to engage in discussions with key countries in order to make progress on this issue. Most recently, the UK participated in the P5 Conference in Washington (27-29 June). In a statement following the Conference, the P5 "reiterated their support for the immediate start of negotiations on a treaty

encompassing such a ban in the Conference on Disarmament, building on CD/1864, and exchanged perspectives on ways to break the current impasse in the Conference on Disarmament, including by continuing their efforts with other relevant partners to promote such negotiations within the Conference on Disarmament.”

The Government remains convinced that the Conference on Disarmament is the best forum for negotiating an FMCT, and does not support the transfer of responsibility for drafting such a Treaty to the United Nations in New York. The Conference on Disarmament contains key countries that we want to see involved in a Fissile Material Cut-off Treaty and operates under the principle of consensus, which provides the reassurance that these States will need in order to participate in a FMCT. It is highly unlikely that all of these States would participate in negotiations within a forum operating under majority vote, such as the UN General Assembly. So, whilst a change of venue for FMCT negotiations may circumvent the Conference on Disarmament deadlock in the short term, it is unlikely to result in a Treaty which all the major players would sign and ratify.

The National Counter-Proliferation Strategy for 2012-2015

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

a) details the conditions that the Government considers need to be fulfilled to ensure a meaningful outcome to a conference on a Middle East Weapons of Mass Destruction (WMD) Free Zone;

The UK fully supports the convening of a conference towards a Middle East zone free of all weapons of mass destruction. It represents an important opportunity for the states of the Middle East to discuss how they could work towards such a zone. As a co-convenor of the conference with Russia and the US, we continue to provide practical and political backing to the efforts of the conference facilitator, Finnish Under-Secretary of State Mr Jaakko Laajava.

The states of the region are ultimately responsible for creating and establishing the political and security conditions that will provide a sustainable foundation for a future Middle East Weapons of Mass Destruction Free Zone. They are similarly responsible for laying the foundations for a successful conference on this issue. A Weapons of Mass Destruction Free Zone cannot be imposed from outside. The delivery and success of any conference will require the engagement and agreement of all the states of the region, to ensure the broadest possible participation, and that it becomes start of a constructive process.

The co-conveners delivered a joint statement on the conference at the 2012 Non-Proliferation Treaty Preparatory Committee, available here:

http://www.reachingcriticalwill.org/images/documents/Disarmament-fora/npt/prepcom12/statements/8May_RussiaUKUS.pdf

b) sets out what precise steps the Government is taking to establish a verification regime for the Biological and Toxin Weapons Convention;

On 7 February 2012 Lord Howell of Guildford responded to a written PQ from Lord Harris of Haringey. Lord Harris asked Her Majesty's Government what representations they have made about ensuring that the Biological Weapons Convention has an adequate compliance verification mechanism. [HL15250]. The response is at Column WA33.

The Government wishes to add that establishing a verification regime remains a long term UK and EU aim. However, given the current absence of any international consensus on whether such a regime would be effective - the USA in particular is opposed on the grounds that it would be both ineffective and potentially damaging to their national security (bio-defence) and commercial proprietary interests - there are no immediate steps that can be taken realistically by the UK alone. However, the UK is working with others to make progress in the latest Biological and Toxin Weapons Convention (BTWC) intersessional process (the period between the five-yearly BTWC Review Conferences) which would help move incrementally towards a position where certain critical elements of a verification regime become more developed and comprehensive. Examples include national implementation measures; enhanced annual Confidence Building Measures; oversight of the BTWC – relevant scientific and technological developments; and assistance (such as medical countermeasures and protective equipment) to alleged or actual biological weapons use.

This may then help to create a basis to encourage States Parties to look afresh at the integration of these elements in a unified regime to help provide an improved means of compliance assurance. This is unlikely before the Eighth Review Conference in 2016. Separately, we are working with other Member States, including the USA, to identify ways to strengthen the UN Secretary-General's mechanism for investigation into cases of alleged biological (and chemical) weapons use. Progress here – training more qualified inspectors and developing procedures for instance – would help address at least one critical component of a putative verification regime – an ability to investigate any case of alleged use or suspicious outbreak of disease in humans, animals and plants. The EU, at UK instigation, has provided for assistance for this mechanism in a new EU Council Decision in support of the BTWC, which we hope to see adopted shortly.

c) details the Government's planned expenditure, and on what projects, under the G8 Global Partnership delivering chemical, biological, radiological and nuclear (CBRN) security improvements on the ground;

The G8-based Global Partnership against the spread of weapons and materials of mass destruction (GP) was set up in 2002 as a 10-year, US\$20 billion initiative, with a strong focus on tackling the legacy of the Former Soviet Union's WMD programmes. At the G8 Summit in Deauville in 2011, it was extended with four

future priorities: nuclear security, biological security, scientist engagement and support to implementation of UN Security Council Resolution 1540. These Global Partnership priorities align closely with existing UK national security objectives.¹

The Global Threat Reduction Programme (GTRP) is the UK's contribution to the Global Partnership. The UK's national security strategy recognises a chemical, biological, radiological or nuclear (CBRN) attack by international terrorists as one of the highest priority risks to national security. The GTRP remains a key element in the UK's work to counter this risk. GTRP projects have a budget of £15.55 million in Financial Year 2012-13. Over the year we will complete Cold War nuclear legacy projects in Russia and continue the process of closing out some of our long-term projects in the Former Soviet Union as we shift our main focus – along with that of the Global Partnership – towards new and emerging priorities.

This year will see the completion of the Closed Nuclear Cities / Centres Partnership (CNCP) which facilitated employment opportunities for former nuclear weapons personnel in Russia and the Former Soviet Union. We will continue our work to secure highly active radiological sources in Ukraine. We continue our close cooperation with the IAEA, including by supporting their Nuclear Security Fund, which benefits a number of countries. We will also continue our close cooperation with US-managed nuclear security initiatives to secure and prevent the illicit trafficking of nuclear and radiological material in a number of countries.

Our biological security programming continues in the Former Soviet Union, in particular Tajikistan and Georgia, where we run a number of scientist engagement and training projects. The programme is also expanding to new areas, with new projects approved in Afghanistan and the Middle East and North Africa. We continue to work closely with international partners, in order to reduce costs and avoid duplication. We have also set up collaboration agreements with the World Health Organisation (WHO), Organisation for Animal Health (OIE) and the Food and Agriculture Organisation (FAO) to allow us to carry out projects which meet both health and security objectives (the “health-security interface”), for example strengthening management of biological risk.

d) details the specific provisions in existing obligations and export control regimes which the Government considers needs to have their enforcement strengthened; and

The UK works with participating governments in the Australia Group, Missile Technology Control Regime, Nuclear Suppliers Group (NSG) and the Wassenaar Arrangement to strengthen the non-proliferation architecture through shared implementation of export controls. Sharing information on proliferation threats and ensuring the guidelines and control lists of these regimes are up to date to

¹ “[We will] refocus critical programmes for building security capacity overseas (such as the G8 Global Partnership-led Global Threat Reduction Programme) on the areas that represent the most serious risks to the UK: prioritising the security of nuclear, biological and chemical materials and expertise”. The UK Strategic Defence and Security Review 2010 4.H.2 (pg 56)

capture the latest technologies are crucial to our efforts to prevent proliferation. The guidelines and control lists for each regime are updated regularly at confidential plenary and inter-sessional meetings, by consensus agreement among the participating states. As an example, at the June Plenary of the NSG, Participating Governments agreed 25 changes to update the control lists. This was achieved in large part by significant heavy lifting by UK experts to build up the required consensus over several years. We also seek to expand membership of the export control regimes, to ensure that they include the major technology exporters. For example, in 2012 the UK welcomed Mexico as a member to both the Wassenaar Arrangement and NSG, further extending the international application of export controls.

e) details any areas in which the Government considers that the UK's domestic security practices and export controls need to be strengthened. (Paragraph 174)

The Government seeks on an ongoing basis to improve the effectiveness of its export controls, in particular by ensuring that our control lists are up to date and comprehensive, that our licensing system is efficient and robust and that we detect and act against unlawful activity. We would be happy to expand on any aspect of this.

Arms exports and human rights

40. The Committees conclude that, whilst the promotion of arms exports and the upholding of human rights are both legitimate Government policies, the Government would do well to acknowledge that there is an inherent conflict between strongly promoting arms exports to authoritarian regimes whilst strongly criticising their lack of human rights at the same time. The Committees further conclude that whilst the Government's statement that "respect for human rights and fundamental freedoms are mandatory considerations for all export licence applications" is welcome, those considerations do not appear to have weighed sufficiently heavily on either the present Government or on its predecessor given the unprecedented scale of arms export licence revocations that the Government has made since the "Arab Spring" — the stated reason for revocation being in every single case "that this licence now contravenes Criteria 2 and 3". Criteria 2 is headed "The respect of human rights and fundamental freedoms in the country of final destination", and Criteria 3 headed "The internal situation in the country of final destination, as a function of the existence of tensions, or armed conflicts." (Paragraph 176)

The Government does not accept these conclusions as it made clear in its reply to the Committees previous report (Cm 8079 of 2011) and also its reply to the Committees of 7 January 2012 (Annex 11, page 267).

Overseas Security and Justice Assistance (OSJA) Human Rights Guidance

41. The Committees recommend that the OSJA Human Rights Guidance is amended to make it prominently and unequivocally clear that if military or security equipment is being

exported in an Overseas Security and Justice Assistance programme, the decision as to whether or not to approve such exports must be made solely and wholly in accordance with the Consolidated Arms Export Licensing Criteria and procedures. The Committees further recommend that the requirement on officials in the current guidance merely to consult the Consolidated Arms Export Licensing Criteria in such export cases should be replaced by a requirement to adhere strictly to the Licensing Criteria and procedures. (Paragraph 181)

We welcome the Committees' engagement on the Overseas Security and Justice Assistance guidance and their specific recommendation to amend the guidance to give greater prominence and clarity to the requirements of the Consolidated Arms Export Licensing Criteria and procedures. The recommendation is timely given our review of the guidance, and we are giving it full consideration as part of this process.

Surveillance technology and equipment

42. The Committees recommend that the Government sets out in its Response to this Report

a) what changes it will make to UK export control legislation and procedures to prevent surveillance technology and equipment being exported from the UK to repressive regimes who may use this technology and equipment to suppress human rights; and

b) what action the Government is taking to prevent such exports from EU Member States generally. (Paragraph 183)

The Government continues to keep this subject under review, including through discussions with our EU and international partners. We will update the Committees as and when any decisions are made.

Export of Tasers

43. The Committees recommend that the Government informs them promptly of any breaches of the conditions under which Tasers may be exported under limited circumstances from the UK as set out in the Written Ministerial Statement made by the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Alistair Burt, on 9 February 2012. (Paragraph 185)

An export or trade control licence for Tasers will only be granted for transactions that satisfy the conditions set out by Alistair Burt in his statement of 9 February 2012. Any breach of the licence conditions or any unlicensed exports may be a criminal offence and subject to investigation by HMRC and, where appropriate, enforcement action including prosecution. We will continue to report breaches of export control and on enforcement action in the UK Strategic Export Controls Annual Reports.

Arms exports and internal repression

44. The Committees conclude that the Foreign Secretary's statement to the Committees that there has been no change of policy on arms exports and internal repression by the present Government from that stated by the previous Government is welcome, the present Government's policy being: 'The longstanding British position is clear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression.' The Committees recommend that the Government adheres strictly to its stated policy on arms exports and internal repression for all export licence applications. (Paragraph 191)

The Government accepts this recommendation and has no plans to change its stated policy.

The Government's Arab Spring arms export policy review

45. The Committees conclude that the Government's repeated use of the phrase "crowd control goods" in the context of its arms export review is misleading given that "crowd control goods" are generally associated with non-lethal equipment. The Committees further conclude that Government's use of the phrase "crowd control goods" to include "shotguns, small arms, semi-automatic pistols, assault rifles, sniper rifles, submachine guns, and ammunition, armoured personnel carriers, armoured fighting vehicles" is not one that would be acceptable to Parliament or to the wider public. The Committees recommend the Government discontinues the use of the phrase "crowd control goods" in this context, which as well as being misleading is also profoundly disrespectful to the thousands of unarmed civilians in the Arab Spring countries who have courageously demonstrated for human rights and fundamental freedoms and have put their lives at risk in doing so. (Paragraph 197)

The Government notes the Committees conclusions and recommendations. It has already stopped using the phrase "crowd control goods" in this context.

46. The Committees conclude that the Government's review of its policies and practices on arms exports following the Arab Spring should not have been carried out merely as "an internal review" and should instead have been the subject of public consultation in accordance with the Government's stated policy of transparency on arms exports. The Committees further conclude that whilst the Government's introduction of a new licence suspension mechanism is welcome, this is not sufficient to ensure that arms exported from the UK are not used for internal repression overseas because in many, if not most, cases the arms will have left the UK before suspension occurs. The Committees recommend that the Government in its response to this Report sets out whether the 'revised risk categorisation' proposed by the Foreign Secretary in his Written Ministerial

Statement of 13 October 2011 will, or will not, be applied to arms export licence applications when initially made, and whether he will make public the “revised risk categorisation” and explain fully how it would be applied to arms export licence decisions. (Paragraph 207)

The Government does not accept the Committees’ conclusion about the FCO Review. As the Foreign Secretary explained to the Committees on 7 February 2012, this was an internal review that constituted advice provided to him by officials in his Department, consulting other Government departments as necessary.

The Committees’ conclusion about the introduction of a new export licence suspension mechanism appears to be based on a misunderstanding about how the mechanism will work. The mechanism, now in place, allows Ministers to quickly suspend licensing to countries experiencing a sharp deterioration in security or stability. Work on applications that are still being considered by the Government (the goods have not yet been shipped because no licensing decision has yet been taken) would be stopped and no further licences issued, pending Ministerial or departmental review. Depending on the change in circumstances, any extant licences would be subject to further scrutiny and considered case-by-case against the Consolidated EU and National Arms Export Licensing Criteria. If the change in circumstances was such that a licence no longer met the Criteria, then that licence would be revoked.

Suspension would be lifted (or partially lifted) where BIS Ministers on the advice of relevant departments consider it appropriate to do so taking account of all the circumstances. Once the suspension is lifted, applications already in the pipeline would not be required to be resubmitted.

The Government has an internal system of risk categorisation based on objective indicators and reviewed quarterly. The system is a tool designed to help the Government’s export licensing community deal effectively with the volume of licences while paying due regard to the export licensing criteria. The risk categorisation is applied to export licence applications at the beginning of the assessment process. The objective indicators used include the FCO’s list of human rights ‘Countries of Concern’ and information gathered under the UK’s Building Stability Overseas Strategy (BSOS).

47. The Committees conclude that whilst the Government’s revocation of an unprecedented number of 158 arms export licences following the Arab Spring is welcome, the scale of the revocations is demonstrable evidence that the initial judgements to approve the applications were flawed. The Committees further conclude that there were no significant changes in the repressive regimes concerned between the British Government’s approval of the arms export licences in question and the start of the Arab Spring in December 2010, and that the Arab Spring simply exposed the true nature of the repressive regimes which had been the case all along. The Committees recommend that the Government should apply significantly more cautious judgements

when considering arms export licence applications for goods to authoritarian regimes “which might be used to facilitate internal repression” in contravention of British Government policy. (Paragraph 208)

The Government has addressed the issue of revocations of export licences around the time of the Arab Spring previously, including when responding to the Committees’ questions on the UK Strategic Export Controls Annual Report 2010 (see page 268 of Annex 11 of the Committees’ Annual Report 2012 referring to ‘Section 1 Domestic Policy paragraph 1.1’), as well as questions 119-121 inclusive of the Foreign Secretary’s oral evidence session with the Committees on 7 February 2012 (see page Ev 26 of Volume II of the Committees’ Annual Report 2012).

The Government does not accept the Committees’ conclusion that revocation of export licences means that policy misjudgements have occurred. When deciding whether to award an export licence, the Government considers each application case-by-case against the Consolidated EU and National Arms Export Licensing Criteria. These take into account, inter alia, the UK’s national and international commitments, the risk of the goods being used for internal repression or to aggravate existing tensions within the destination country, whether the export would affect regional stability, the UK’s national security, the behaviour of the recipient country with regard to the international community, the risk that the equipment will be diverted and the compatibility of the arms export with the technical and economic capacity of the recipient country.

It would be irresponsible of the Government not to revoke an extant export licence if this no longer met the Criteria because of a change in circumstances. Revoking licences is not a failure of our export licensing system, nor does it imply that the initial decisions were wrong, given the circumstances prevailing at the time they were taken. This demonstrates that the licensing system is working by adapting quickly to new circumstances.

It remains the case that there is no corroborated evidence that any UK-supplied equipment was used to facilitate internal repression in the Middle East and North Africa during the Arab Spring.

The issues underlying the Arab Spring have been well-documented in UNDP’s series of Arab Human Development reports. As a result of policy work begun in late 2009 on the growing drivers of discontent in the MENA region, the Government had set up the Arab Human Development (AHD) team in the Foreign and Commonwealth Office at the end of 2010. The existence of the AHD team (now the Arab Partnership Department) was critical to the Government’s rapid and effective response to the Arab Spring, and built on our understanding of the underlying dynamics in the region.

When the Arab Spring began, we were able to react quickly as we had already laid important foundations on which to build our strategic response. A part of this was the decision to revoke some extant export licences which no longer met the above

Criteria due to fast-changing risks of violence and harsh government responses to protests.

Arms export licence revocations

48. The Committees recommend that the Government continues to monitor all extant licences for arms exports to authoritarian regimes worldwide which might be used to facilitate internal repression in contravention of British Government policy and to make public promptly any further revocations that it makes. (Paragraph 213)

The Government accepts this recommendation and will continue to give public notice of any export licence revocations.

Countries of Concern

Bahrain

49. The Committees recommend that the Government in its Response to this Report states whether it remains satisfied that none of the 97 extant UK arms export licences to Bahrain now contravenes the Government's stated policy that: "The longstanding British position is clear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for assault rifles, sniper rifles, body armour, gun silencers, shotguns, small arms ammunition, pistols, weapon sights and equipment employing cryptography. (Paragraph 22)

As outlined in the United Kingdom Strategic Export Controls Annual Report 2011 (HC 337) the Government reviewed export licences to Bahrain immediately following the unrest on 14 February 2011. Any licences that no longer met the Consolidated Criteria given the changed circumstances were revoked by 18 February. This involved revoking 23 standard individual licences and removing Bahrain as a destination from 18 open licences. Since then the Government has continued to monitor the situation in Bahrain closely, paying particular attention to the risk that goods might be used in internal repression or to aggravate existing tensions in the country. The Government is satisfied that none of the extant licences for Bahrain contravene its stated policy. The Government's answers to the Committees Quarterly Questions, which can be found at Annex 1 of the Committees Annual Report (HC 419), provide more detail about individual licences.

Egypt

50. The Committees recommend that the Government in its Response to this Report states whether it remains satisfied that none of the 124 extant UK arms export licences

to Egypt now contravenes the Government's stated policy that: extant UK arms export licences to Bahrain now contravenes the Government's stated policy that: "The longstanding British position is clear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for body armour, weapon night sights, weapon sights, components for semi-automatic pistols, semi-automatic pistols, components for submachine guns, components for rifles, rifles, small arms ammunition, combat shotguns, assault rifles, sniper rifles, pistols and cryptography. (Paragraph 228)

As outlined in the United Kingdom Strategic Export Controls Annual Report 2011 (HC 337), when violent unrest broke out in Cairo in February 2011, the Government reviewed all extant licences for Egypt and decided to revoke 36 standard individual licences and to remove Egypt as a destination from 11 open licences. Since then the Government has continued to monitor the situation in Egypt closely, paying particular attention to the risk that goods might be used in internal repression or to aggravate existing tensions in the country. The Government is satisfied that none of the extant licences for Egypt contravene its stated policy. The Government's answers to the Committees Quarterly Questions, which can be found at Annex 1 of the Committees Annual Report (HC 419), provide more detail about individual licences.

Libya

51. The Committees recommend that the Government in its Response to this Report states whether it remains satisfied that none of the 24 extant UK arms export licences to Libya now contravenes the Government's stated policy that: "The longstanding British position is clear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for all-wheel drive vehicles with ballistic protection and cryptography. (Paragraph 233)

As outlined in the United Kingdom Strategic Export Controls Annual Report 2011 (HC 337), as demonstrations against the Qadhafi regime escalated in mid-February 2011, the Government immediately reviewed all valid licences for Libya decided to revoke 63 standard individual licences and to remove Libya as a destination from 7 open licences. The UN imposed an arms embargo on Libya through UNSCR 1970 (2011) and 1973 (2011) on 26 February and 17 March respectively which were brought into force in the UK by EU Council Decisions and Regulations. These prohibited the supply, sale or transfer of arms and related material to Libya unless allowed by the terms of the embargo – for example for humanitarian purposes, or for protective clothing for the media and UN personnel. UNSCR 2009 (2011) of 16 September reflected further developments in Libya through the introduction of new exemptions for the provision of arms and related material intended solely for security or disarmament assistance to the Libyan authorities. Export licence applications to Libya are now being closely assessed against these provisions, as

well as the further changes in UNSCR 2040 (2012), and in line with the Consolidated Criteria. The Government is satisfied that none of the extant licences for Libya contravene its stated policy. The Government's answers to the Committees Quarterly Questions, which can be found at Annex 1 of the Committees Annual Report (HC 419), provide more detail about individual licences.

Saudi Arabia

52. The Committees recommend that the Government states in its Response to this Report whether it applies different or the same considerations in deciding whether or not to approve arms export licences to Saudi Arabia to those applied to other countries in the region and, if different, what those considerations are. The Committees further recommend that the Government in its Response states whether it remains satisfied that none of the 288 extant UK arms export licences to Saudi Arabia now contravenes the Government's stated policy that "The longstanding British position is clear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for:

Components for armoured fighting vehicles, components for armoured personnel carriers, armoured personnel carriers, ground vehicle military communications equipment, components for military combat vehicles, components for military communications equipment, components for water cannon, components for sniper rifles, components for weapon sights, weapon sights, gun silencers, small arms ammunition, sniper rifles, technology for military communications equipment, technology for sniper rifles, technology for the use of sniper rifles, assault rifles, components for assault rifles, components for general purpose machine guns, components for machine pistols, components for pistols, components for rifles, components for semi-automatic pistols, components for submachine guns, general purpose machine guns, machine pistols, pistols, rifles, semi-automatic pistols, submachine guns, hand grenades, components for machine guns, components for military support vehicles, military combat vehicles.
(Paragraph 239)

As stated in Annex A of the Foreign Secretary's letter of 6 February 2012 which was published in the Committees Report (see page Ev 156, Vol II of HC 419), "export licences for Saudi Arabia are kept under constant review and every licence is scrutinised in light of changing facts on the ground." The Government is satisfied that none of the extant licences for Saudi Arabia contravene its stated policy. The Government applies the same considerations to Saudi Arabia as to the other states in the region.

Syria

53. The Committees recommend that the Government in its Response to this Report states whether it remains satisfied that none of the 9 extant UK arms export licences to Syria now contravenes the Government's stated policy that "The longstanding British position is clear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for all-wheel drive vehicles with ballistic protection and cryptography. (Paragraph 244)

As stated in Annex A of the Foreign Secretary's letter of 6 February 2012 which was published in the Committees Report (see page Ev 156, Vol II of HC 419), "export licences for Syria are kept under constant review and every licence is scrutinised in light of changing facts on the ground." The Government is satisfied that none of the extant licences for Syria contravene its stated policy.

Tunisia

54. The Committees recommend that the Government in its Response to this Report states whether it remains satisfied that none of the 47 extant UK arms export licences to Tunisia now contravenes the Government's stated policy that: "The longstanding British position is dear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for military support vehicles, all-wheel drive vehicles with ballistic protection, small arms ammunition and cryptography. (Paragraph 249)

Increased tension in January 2011 led the Government to reassess the level of risk associated with extant export licence applications destined for Tunisia. As a result the Government revoked 1 standard individual licence and 1 open licence with Tunisia as a destination. The Government has closely monitored the situation in Tunisia since then and is satisfied that none of the extant licences for Tunisia contravene its stated policy.

Yemen

55. The Committees recommend that the Government in its Response to this Report states whether it remains satisfied that none of the 11 extant UK arms export licences to Yemen now contravenes the Government's stated policy that: "The longstanding British position is dear: We will not issue licences where we judge there is a clear risk that the proposed export might provoke or prolong regional or internal conflicts, or which might be used to facilitate internal repression" including those licences for all-wheel drive vehicles with ballistic protection, body armour, components and equipment for military cameras and cryptographic equipment and technology. (Paragraph 255)

As stated in Annex A of the Foreign Secretary's letter of 6 February 2012 which was published in the Committees Report (see page Ev 156, Vol II of HC 419), "export licences for Yemen are kept under constant review and every licence is scrutinised in light of changing facts on the ground." The Government is satisfied that none of the extant licences for Yemen contravene its stated policy.

Argentina

56. The Committees conclude that the Government's decision to tighten controls on the licensing of, and trade in (trafficking and brokering), controlled goods and technology to military end users in Argentina is welcome. The Committees recommend that the Government states in its Response to this Report:

a) what are the exceptional circumstances in which the Government is still willing to consider approving export licences for military or dual-use goods being supplied to military end users in Argentina;

It is difficult to envisage in advance which exceptional circumstances might lead to the Government approving such export licences but, for example, we might require the flexibility to issue licences in compelling humanitarian circumstances.

b) what licences for military goods to Argentine armed forces have been revoked;

The Government has revoked 37 SIELs for military goods including:

**components for military radars,
components for ejector seats,
components for combat aircraft,
components for military support aircraft,
components for body armour,
components for military transport aircraft,
components for military aero-engines,
components for military training aircraft,
components for military guidance/navigation equipment,
military aircraft ground equipment,
components for military aircraft ground equipment,
components for combat aircraft,
components for military radars,
military radars,
components for combat naval vessels,
components for destroyers
components for naval engines**

As is standard practice the Government will be publishing more detailed information about these revocations in its Quarterly Report in due course.

c) what UK strategic export control licences for Argentina remain extant; and

See Table at Annex B.

d) what steps the Government is taking to get the US Government, the Governments of EU Member States, and the Governments of other countries who export military goods, military technology and dual-use goods to Argentina to make the same change of policy as that announced by the British Government. (Paragraph 258)

The Government is not lobbying other governments to implement a similar policy change. Our action was taken in the context of Argentine measures targeting the interests of the Falkland Islanders. However, we encourage all countries to take a responsible approach to export licensing and would expect them to take the Argentine government's actions into consideration when assessing applications.

China

57. The Committees conclude that given the lack of clear progress on civil and political rights in China, the Government's support for the EU Arms Embargo on China to continue is welcome. The Committees recommend that the Government provides in its Response to this Report an explanation as to why, according to the EU's latest Report, the UK Government in 2010 gave a larger number of arms export licence approvals to China than any other EU Member State notwithstanding the EU Arms Export Embargo on China. (Paragraph 265)

The Government gave the Committees a detailed explanation of our implementation of the EU Arms Embargo on China in the Foreign Secretary's letter of 6 February (reproduced in paragraph 163 of the Committees Report HC 419). As stated in that letter many of the applications received by the Government are for end users in the commercial, low-cost/mass production, industrial or scientific research and development fields and for goods that are not covered by the Arms Embargo.

Extension of the Review to authoritarian regimes and to countries of concern worldwide

58. The Committees conclude that the Government's stated policy is to refuse arms export licences "which might be used to facilitate internal repression" and not merely to await internal repression becoming patently clear. The Committees therefore continue to recommend that the Government extends its arms export policy review from countries in the Middle East and North Africa to authoritarian regimes and countries of human rights concern worldwide. (Paragraph 270)

The Foreign Secretary stated before the Committees on 7 February 2012 that "there is no limit to its geographical scope. Every kind of regime and every kind of country is captured in this review." The review has been completed and its recommendations will apply to all export licence applications regardless of destination.

Annex A - UK contribution to the Global Partnership

Country / Region of Project (if applicable)	International Organization of Project (if applicable)	Project Title/Description	Project Details	Select Project Type	Funding Dates	Funds Committed	Funds Spent
Russia		NW Russia - Nuclear Legacy Projects	Projects to support safe and secure SNF retrieval at Andreeva bay, Murmansk. Interim Storage Facility for SNF from the Icebreaker Support Vessel "Lotta" at Atomflot, Murmansk. Nuclear Powered Submarine Dismantling at Zvedochka SRY. Dismantling of 3 Nuclear Powered Submarines at Nerpa Shipyard, Murmansk (1 co-funded with Norway). Projects under AMEC (Arctic Military Environmental Cooperation Agreement). Contributions to the Nuclear Window of the Northern Dimension Environmental Partnership (NDEP)	Nuclear	2002-2012	£123,808,000	£123,808,000
Russia, FSU, other	IAEA	Nuclear Security Projects	Physical Protection projects at nuclear sites in Russia, the FSU and elsewhere. Includes contributions to the IAEA Nuclear Security Fund.	Nuclear	2002-	£42,411,000	£42,411,000
Russia, FSU		Nuclear Safety Programme	Nuclear Safety projects (139 in total) at nuclear sites in Russia and the FSU	Nuclear	2003-2010	£23,283,000	£23,283,000
Ukraine	EBRD	Chernobyl Remediation	UK contributions to the Chernobyl Shelter Fund (CSF) and Nuclear Safety Account (NSA) for work to remediate the site of the Chernobyl Accident	Nuclear	2002-2011	£55,698,000	£55,698,000
Russia, FSU		Closed Nuclear Cities Partnership (CNCP)	Closed Nuclear Cities/Centres Partnership Programme (CNCP): facilitation of employment opportunities for former nuclear weapons personnel in Russia, with parallel programmes in Kazakhstan, Ukraine, Uzbekistan,, Armenia, Georgia and Belarus.	Scientist Engagement	2002-2012	£39,470,000	£39,470,000
Russia		Elimination of Weapons Grade Plutonium Production - Zheleznogorsk	Contribution to US led Elimination of Weapons Grade Plutonium Production programme through replacement of energy producing capacity of reactor with a fossil fuel plant being built at Sosnovoborsk.	Nuclear	2002-2010	£10,930,000	£10,930,000
Kazakhstan		Assisting the decommissioning of the fast breeder reactor, Aktau	Collaboration with the USDOE/NNSA on engineering and training projects to ensure the safe and irreversible shutdown and subsequent decommissioning of the BN350 reactor at Aktau, including processing of residual liquid metal coolant and other radioactive and hazardous materials, plus operations to remove, repack, transport and store the spent nuclear fuel in a secure away-from-reactor facility.	Nuclear	2002-2012	£7,366,000	£7,366,000

Annex A - UK contribution to the Global Partnership

Georgia	ISTC	IPI-2; Institute of Plant Immunology (IPI). Renamed as Institute of Phytopathology and Biodiversity of Georgia (IPB)	ISTC Partner Project to fund a study on plant pathogens.	Biological	2009 –2012	£450,000	£103,300
Georgia		Bioscientist engagement programme	3 year virology project in support of a larger regional DTRA disease surveillance programme. Scientists actively involved in international scientific community, in country diagnostic capacity building.	Scientist Engagement	2010-2013	£450,000	£312,000
Georgia		Bioscientist engagement programme	Support to scientific programme of work at Georgian Institute.	Scientist Engagement	2009-2011	£50,000	
Azerbaijan		Biosafety Training	Basic biosafety training	Biological	2012	£214,000	£180,000
Azerbaijan		Veterinary Assistance	Basic veterinary training	Biological	2012	£86,000	£21,000
Azerbaijan		Bioscientist engagement programme	Support to US study of selected infections in Azerbaijan.	Scientist Engagement	2010-2013	£70,000	£71,000
Tajikistan		Bioscientist engagement programme: Arbovirus Tajik Research Institute of Preventive Medicine of the Ministry of Health of the Republic of Tajikistan.	Scientific study monitoring the natural foci of arboviruses in Tajikistan.	Scientist Engagement	2010-2013	£290,000	£286,000
Tajikistan		Bioscientist engagement programme: Malaria Vector Institute of Zoology and Parazitology	Scientific study of malaria mosquitoes and their natural enemies, aimed at understanding the vector population and assessing some traditional control methods.	Scientist Engagement	2010-2013	£290,000	£286,000
Tajikistan		Bioscientist engagement programme: Brucellosis	Disease surveillance and monitoring of Brucellosis.	Scientist Engagement	2010-13	£255,000	£141,000
Tajikistan		Contribution to US DTRA Regional Field Epidemiology Training Program	Support to DTRA programme to develop national capability in disease surveillance and increase ability to respond to disease outbreaks.	Biological	2011-2012	£631,000	£407,000
Tajikistan		Rabies Training Initiative	Capacity building in laboratory techniques, biosafety and security, and general scientific mentoring for Tajik labs.	Biological	2012	£60,000	
Tajikistan	ISTC	English Language Training	Provision of English Language training to project scientists.	Scientist Engagement	2012	£8,000	£8,000
Kyrgyz Republic		Bioscientist engagement programme: Fergana Valley	Support to Canadian led scientific study on the prevention of the distribution of infectious diseases by trans-boundary rivers of the South of Kyrgyz Republic.	Scientist Engagement	2010-2013	£177,000	£177
Ukraine		Contribution to US DTRA: lab manager training	Training and support to group of scientists managing BSL-3 labs as part of larger DTRA programme.	Biological	2012	£157,000	£61,000

Annex A - UK contribution to the Global Partnership

Ukraine		Assistance to veterinary institutes for in country capacity development	Assistance to veterinary institutes at request of Ukrainian Government.	Biological	2012-13	£8,000	£8,000
Former Soviet Union	WHO	International Health Regulations (IHR) core capacity assessment of three priority countries (Tajikistan, Azerbaijan, and Georgia).	IHR core capacity assessment of three priority countries (Tajikistan, Azerbaijan, and Georgia).	Biological	2011-12	£130,000	£113,000
Former Soviet Union	WHO	Evaluating the use and impact of the IHR in Tajikistan, Azerbaijan, and Georgia.	Evaluating the use and impact of the IHR, and monitoring the progress of national capacity in fulfilling its core capacity requirements in Tajikistan, Azerbaijan, and Georgia	Biological	2012-2013	£180,000	£162,000
Former Soviet Union	WHO	Assessment of national legislation, regulations, and other instruments in place in support of the IHR.	Deliver effective national legislation, regulations and other instruments in place in support of the IHR	Other / Joint Project Types	2012-2013	£90,000	£81,000
Iraq		Contribution to US Civilian Research and Defence Foundation (CRDF). Support to the Iraq national reconstruction and judicial reform programme.	Objective: Support to the Iraq national reconstruction and judicial reform programme.	Scientist Engagement	2008 -2010. Follow-up activity 2012.	£184,000	£184,000
Iraq		Destruction of residual CW	Provision of training to assist Iraq to prepare CW destruction programme.	Chemical	2012-13	£100,000	
Iraq		US DoS Support to the Iraq science fellowship programme	Support to Iraqi scientist fellowship programme	Biological	2011-12	£38,000	£42,000
Iraq		US DoS - FETP supplementary training.	In country capacity building in public health, biosafety and security, disease surveillance and outbreak response.	Biological	2012	£82,000	£0
Iraq		Contribution to US DoS - Assessment of physical security requirements at laboratories.	Laboratory facility upgrade in Northern Iraq.	Biological	2012	£32,000	£0
Middle East / North Africa		Contribution to US DoS - MENA infectious diseases / biosecurity workshop	In country capacity building in public health, biosafety and security, disease surveillance and outbreak response.	Biological	Jun-12	£125,000	£125,000
Middle East / North Africa		Contribution to US DoS Scientists engagement/training - Training courses on modern diagnostic techniques	Follow-on diagnostics training by Jordan University of Science and Technology for scientists from priority countries. Promote improved biosafety and biosecurity and build capacity in disease control, surveillance and training in modern diagnostics.	Biological	2011 -12	£110,000	£110,000
Morocco	Morocco	Contribution to US DoS - FETP	In country capacity building in public health, biosafety and security, disease surveillance and outbreak response.	Biological	2012	£193,000	£193,000
Middle East / North Africa		Middle East disease surveillance / regional capacity building	Funding contribution to a Middle East disease surveillance project.	Biological	2012 -2013	£75,000	£75,000

Annex A - UK contribution to the Global Partnership

Middle East / North Africa	OIE	Support to the OIE-PVS tool for the Evaluation of Performance of Veterinary Services (OIE-PVS tool).	Assessment of in country veterinary services.	Biological	2011 -12	£37,000	£33,000
Middle East / North Africa	OIE	Rift Valley fever workshop: regional network to address diagnosis and control	Support disease specific workshop.	Biological	2012	£72,000	£65,000
Central Asia / Turkey	OIE	Central Asia coordination meeting for diagnosis and control of brucellosis.	Development of regional networks and capacity building. Sustainability of twinning activities.	Biological	2012	£16,000	£14,000
Central Asia / Turkey	OIE	Proficiency testing for Brucellosis in Central Asia.	Further development of regional networks and capacity building in diagnosis and control of Brucellosis. Sustainability of twinning activities.	Biological	2012	£60,000	£54,000
Afghanistan		Contribution to US DoS - Afghan-Tajik FETP "One-Health" project.	Enhancement of regional capacities to detect, diagnose, and manage outbreaks of infectious diseases.	Biological	2012	£170,000	£0
Afghanistan		Contribution to US DoS - Support to Afghan biorisk association.	Promotion of regional approach to responsible and safe working practices.	Biological	2013	£80,000	£0
Afghanistan	OIE	Support to the OIE Reference Laboratory twinning program.	Development of lab twinning project. Promotion of improved biosafety and biosecurity and build capacity in modern diagnostics, disease control, and surveillance.	Biological	2011-12	£121,000	£117,000
	WHO	Support to WHO Biorisk Management Train the Trainer (TtT) Programme.	Development of training (Biosafety and Biosecurity) outreach at national and regional levels.	Biological	2011-12	£130,000	£117,000
MENA	WHO	Global Alert and Response Programme	Support to development of training materials for the Global Alert and Response Programme.	Biological	2011-12	£20,000	£18,000
	WHO	Support to WHO national training courses on biorisk management and the shipment of infectious substances.	Promote safe and secure working practices. Cooperation with other international initiatives (WHO IHR).	Biological	2012-2013	£49,000	£44,000
Tajikistan, Georgia, Azerbaijan, Ukraine, and Pakistan.		Dual use bioethics for the life sciences. Development of a five country specific lecture series.	Promote culture of integrity, accountability, and responsibility guided by codes of conduct, bioethics norms, and awareness of the BTWC within the scientific community.	Biological	2011	£17,000	£22,000
	OIE	Translation of key OIE reference documents into Mandarin.	Promote cooperation with other international initiatives.	Biological	2011	£10,000	£9,000

Annex B

Extant export licences for Argentina

<u>Licence Type</u>	<u>Annual Report Summary</u>	<u>Rating</u>
OIEL (Military / Dual Use)	cryptographic software	5A002a1a
OIEL (Military / Dual Use)	software for military communications equipment, technology for the use of software for military communications equipment	ML21c, ML22a
OIEL (Military / Dual Use)	software for the use of military communications equipment, software to simulate the function of military communications equipment, technology for the use of software to simulate the function of military communications equipment	ML21b3, ML21c, ML22a
OIEL (Military / Dual Use)	anti-friction bearings	2A001b
OIEL (Military / Dual Use)	cryptographic software, equipment employing cryptography, software for the use of equipment employing cryptography	5A002a1a, 5D002a, 5D002c1
OIEL (Military / Dual Use)	equipment employing cryptography	5A002a1a
OIEL (Military / Dual Use)	components for naval engines, equipment for the use of naval engines, naval engines, software for the use of naval engines, technology for the use of naval engines, test equipment for naval engines	ML11a, ML21a, ML22a, ML9a1, PL5017
OIEL (Military / Dual Use)	cryptographic software, equipment employing cryptography	5A002a1a, 5D002c1
OIEL (Military / Dual Use)	equipment employing cryptography	5A002a1a
OIEL (Military / Dual Use)	inertial equipment	7A003d, 7A103a1
OIEL (Military / Dual Use)	heading sensors for hydrophone arrays	6A001a2d

OIEL (Military / Dual Use)	animal pathogens	1C352a1, 1C352a10, 1C352a11, 1C352a13, 1C352a15, 1C352a16, 1C352a3, 1C352a4, 1C352a5
OIEL (Military / Dual Use)	components for inertial equipment, inertial equipment, technology for inertial equipment	7A003a1, 7A003a2, 7A003b, 7A003c1, 7A003c2, 7A003d, 7A103a1, 7E101
OIEL (Military / Dual Use)	hydrophones, towed hydrophone arrays	6A001a2a1, 6A001a2a2, 6A001a2a3a, 6A001a2a3b, 6A001a2a3c, 6A001a2a4, 6A001a2a5, 6A001a2a6, 6A001a2b1
OIEL (Military / Dual Use)	equipment employing cryptography	5A002a1a
OIEL (Military / Dual Use)	equipment employing cryptography, equipment for the development of equipment employing cryptography, software for the development of equipment employing cryptography, technology for the development of equipment employing cryptography	5A002a1a, 5A002a1b1, 5A002a1b2, 5A002a1b3, 5B002a, 5B002b, 5D002a, 5E002
OIEL (Military / Dual Use)	components for combat aircraft, components for ejector seats, components for equipment for the production of ejector seats, components for military aircraft ground equipment, components for military aircrew breathing equipment, components for military aircrew protective equipment, components for military electronic equipment, components for military training aircraft, components for signalling devices, components for test models for ejector seats, components for test models for military aircrew breathing equipment, components for test models for military aircrew protective equipment, ejector seats, equipment for the production of ejector seats, equipment for the production of military aircrew protective	ML10, ML10a, ML10b, ML10f, ML10g, ML11a, ML17n, ML18a, ML22a, ML4a, PL5017

	equipment, general military aircraft components, military aircraft ground equipment, military aircrew breathing equipment, military aircrew protective equipment, military electronic equipment, signalling devices, technology for ejector seats, technology for military aircraft ground equipment, technology for military aircrew breathing equipment, technology for military aircrew protective equipment, technology for signalling devices, test models for ejector seats, test models for military aircrew breathing equipment, test models for military aircrew protective equipment	
OIEL (Military / Dual Use)	technology for military communications equipment	ML22a
OIEL (Military / Dual Use)	sporting guns	ML1a
OIEL (Military / Dual Use)	aircraft seals, components for inertial equipment, inertial equipment	1A001a, 1A001c, 7A103a1
OIEL (Military / Dual Use)	components for marine position fixing equipment, components for underwater telecommunications systems, marine position fixing equipment, underwater telecommunications systems	5A001b1a, 6A001a1d
SIEL (Permanent)	chemicals used for chemical/materials production	1C350.24
SIEL (Permanent)	equipment employing cryptography	5A002a1a
SIEL (Permanent)	equipment employing cryptography	5A002a1a
SIEL (Permanent)	products containing plutonium-239	0C002
SIEL (Permanent)	sporting guns (15), sporting guns (2)	ML1a
SIEL (Permanent)	equipment employing	5A002a1a

	cryptography	
SIEL (Permanent)	components for toxic gas monitoring equipment	2B351a
SIEL (Permanent)	imaging cameras	6A003b4b
SIEL (Permanent)	small arms ammunition, sporting guns (1)	ML1a, ML3a
SIEL (Permanent)	components for nuclear reactors	0A001j
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Permanent)	corrosion resistant chemical manufacturing equipment	2B350d1
SIEL (Permanent)	cryptographic software, equipment employing cryptography	5A002a1a, 5D002c1
SIEL (Temporary)	imaging cameras	6A003b4b
SIEL (Temporary)	sporting guns (4)	ML1b
SIEL (Temporary)	components for sporting guns, sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (2)	ML1b
SIEL (Temporary)	sporting guns (2)	ML1b
SIEL (Permanent)	chemicals used for pharmaceutical/healthcare production	1C450b4
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Permanent)	equipment employing cryptography	5A002a1a
SIEL (Permanent)	animal pathogens	1C352a4

SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Permanent)	equipment employing cryptography	5A002a1a
SIEL (Temporary)	sporting guns (1)	ML1a
SIEL (Permanent)	equipment employing cryptography	5A002a1a
SIEL (Permanent)	equipment employing cryptography	5A002a1a
SIEL (Permanent)	sporting guns (1)	ML1a
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Permanent)	small arms ammunition	ML3a
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Permanent)	animal pathogens	1C352a8
SIEL (Temporary)	sporting guns (1)	ML1b
SIEL (Permanent)	components for command communications control and intelligence equipment	ML11a
SIEL (Permanent)	NBC clothing	ML7f1
SIEL (Permanent)	components for recognition/identification equipment	ML5b
SIEL (Permanent)	components for recognition/identification equipment	ML5b
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