

ADDRESS TO 8TH INTERNATIONAL EXPORT CONTROL CONFERENCE

BUCHAREST, ROMANIA

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CONVENTIONAL ARMS AND DUAL-USE GOODS AND TECHNOLOGIES

06 March 2007

(Check against delivery)

I would like to thank the governments of Romania and the United States for inviting me to the Eighth International Export Control Conference to provide you with an update on the Wassenaar Arrangement. Before I touch on the most recent developments with Wassenaar, especially our work on MANPADS, I would like to briefly go over some basic facts about the **concept** and **function** of the Arrangement.

The WA is one of five export control arrangements. It complements the other four major export control regimes: The Australia Group; the Missile Technology Control Regime, or MTCR; the Nuclear Suppliers Group, or NSG; and the Zangger Committee.

All five entities use control lists to identify items to be controlled and exchange information on a number of matters of importance to their participating states. These are common features.

The Wassenaar Arrangement, on the other hand, is the only export control forum which deals with **conventional weapons** and related dual-use goods and technologies. We have heard from some states that participate in all five fora that the largest portion of licence applications they receive -- in many cases over 80% -- are for goods and technologies controlled by the Wassenaar Arrangement.

The work of the Arrangement can be considered in terms of a small number of "pillars." First, Participating States have committed themselves to have fully effective export controls on items included in our Control Lists. These lists are incorporated into their national legislation (or in the case of European Union

members, updates to the Wassenaar Dual Use List become part of the EU legislation which is amended to reflect changes in the WA Dual Use list every year). Second, there is an information exchange, not only in the transfers and denials of certain goods, but also about the situation in different regions of the world. Third, Wassenaar States have adopted a series of best practices to which I will return shortly. Finally, we try to reach out to non-Participating States, to other export control regimes and international organisations, to academics and think tanks, and to the public at large. The Wassenaar Control Lists and other key documents are available on our website www.wassenaar.org.

Last year we marked the 10th anniversary since the beginning of the operations of the Arrangement. From the original 33 Participating States, membership has increased to 40, with South Africa which joined last year.

The Wassenaar Experts Group, the technical body responsible for maintaining and updating the Arrangement's Control Lists, celebrated the anniversary year by considering hundreds highly complex proposed changes to the Munitions and Dual Use lists, and by achieving consensus on a vast majority of the proposed updates -- an astonishing performance. The EG's work on topics involving the most advanced military and dual-use technologies will never become widely known to the general public, but forms the vital core of the Arrangement's export control work.

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As I noted, the Wassenaar Arrangement has developed a number of “**best practice guidelines**” which are intended to serve as guides for national legislation, procedures and practices of the Participating States. I intend to provide some more detail on a few of them in a moment, in particular on SALW and MANPADS, but first I would like to mention some other WA best practices, including two documents adopted in December 2006 by the WA Plenary.

The two new best practices agreed last year concern the intangible transfers of technology, or **ITT**, and the **licensing of dual-use goods and technologies** on the Wassenaar Basic and Sensitive lists. The new licensing guidelines are intended to

assist States in their implementation of effective export controls through guidance on the use of general licences and licence exceptions.

The ITT agreement is particularly important because it deals with an issue that is growing in importance. The transfer of technology e.g. by fax, telephone, email and other intangible means presents special challenges for export control and the Wassenaar States recognize that it is critical to the credibility of national export controls to ensure that control is also exercised over intangible transfers of both dual-use and conventional weapons technology of technical information in such forms as blueprints, manuals, working knowledge, training, consulting services, etc.

This is the background against which the Wassenaar States have adopted best practices for the implementation of export controls over intangible transfers of WA-controlled technology. The Wassenaar States recognize that this is a complex task and in some of the key provisions they support the promotion of awareness of the need for ITT controls among industry and academia as well as self regulation by industry and academic institutions. In addition, Wassenaar States support the imposition of recordkeeping with a clear identification of the technologies concerned and end-users, regular compliance checks and appropriate monitoring. As far as I know, the ITT document represents a first for export control regimes in that it is an attempt to cope in a comprehensive way with this difficult and important issue.

Other Wassenaar “best practices” include: commonly used End-Use Assurances; the disposal of surplus or demilitarised military equipment; effective legislation on arms brokering; the objective analysis of what constitutes a “destabilising accumulation” of arms; and “catch-all” for dual-use items.

I’d like now to focus on a couple of WA best practices guidelines which relate to issues that will be discussed later during this conference.

Small Arms and Light Weapons have been called the "weapons of choice of terrorists". The Arrangement has adopted detailed "best practice" guidelines and criteria for SALW. The guidelines urge Participating States to consider more than 20 factors before issuing an export license for these items. Most these are related to the

profile of the "end-user" or the prospective recipient country or its surrounding region.

In this context I think it is of interest to note that in 2003, SALW was added to the list of seven categories of arms transfers to be reported by Participating States. This means that the scope of **mandatory notifications** of arms transfers now includes a new eighth category which covers (1) Small Arms, (2) Light Weapons, and (3) Man Portable Air Defence Systems, also called MANPADS. As with the other seven arms categories which are reported within the WA twice a year, this increased transparency has two principal results: transfer decisions are now open to scrutiny, and Participating States can consider exports of these weapons by other partners when evaluating potential risks involved before taking their own decisions.

MANPADS deserve special mention as a particularly dangerous type of Light Weapon. Recognizing the continuing threat posed to civil aviation by unauthorised proliferation of these weapons, Participating States adopted a document in December 2000 entitled "Elements for Export Controls of MANPADS" that included provisions for long-term measures to tighten security over these weapons. This document was substantially revised in December 2003, and I would like to discuss some of the key changes, and their implications for MANPADS export controls.

In the original version of this document the Wassenaar States agreed *inter alia* that:

- 1 MANPADS should be exported only to governments;
- 2 The recipient governments should guarantee not to re-export MANPADS without the consent of the exporting government;
- 3 The exporting states should be satisfied that military stocks are protected against theft or unauthorised access and use.

Three years later, Wassenaar partners decided to add the following important provisions to the Elements:

1. The scope of national export controls was expanded to include "complete systems, components, spare parts, models, training systems, and simulators."

2. MANPADS exports should be made solely on the basis of individual licenses, not blanket licenses, and should require an official EUC certified by the government of the receiving country.
3. As newly designed MANPADS come on line, manufacturers are to implement technical performance and/or launch control features.
4. The Wassenaar States are now called on to assist recipient governments to dispose of excess stockpiles, including buying back previously exported weapons.
5. Wassenaar States are also to exchange information which includes not only formal notification of transfers, but on progress related to the implementation of the steps in the revised Elements.
6. Wassenaar States also agreed to promote the application of the principles defined in the revised Elements to non-Wassenaar members.

The WA MANPADS guidelines have led the way in the work of other organisations on this important problem. The adoption of the same standards on MANPADS by the Organization for Security and Cooperation in Europe (OSCE) expanded the effect of this initiative to all 55 OSCE Participating States.

Outreach activities form an important part of the Wassenaar agenda. In 2006 the focus was on MANPADS and as part of the WA efforts in this area the Arrangement made visits to a number of foreign capitals in order to increase awareness of the WA MANPADS Elements. Under the able guidance of 2006 Plenary Chair Australia, the MANPADS outreach missions engaged with technical experts in these non-Participants on how best to apply the standards set forth in the Elements to national export control practices.

To conclude, the Wassenaar Arrangement can look back on ten years of solid achievement, but cannot afford the luxury of looking back for too long. The international security environment has changed markedly over recent years, and the global threat posed by terrorism is very real and growing. Proliferators have shown their ability to acquire dangerous weapons such as MANPADS and to use them, and they can be expected to try and find ways around current controls. Difficult issues such as transshipment, brokering, intangible technology transfer and the rapid pace of technological change will also require special attention and innovative solutions. I

believe the 40 Participating States of the Wassenaar Arrangement will face these challenges squarely, intelligently, and cooperatively. This will be the focus of the overall review or assessment of the Arrangement's functioning which will be a major task in 2007. Thank you.