

Annual Report According to the EU Code of Conduct on Arms Exports

NATIONAL REPORT OF FINLAND FOR 2002

REPORTING PERIOD AND SCOPE

Reporting period is the year 2002, 1.1.-31.12.2002. This report covers exports authorised under the Act on the Export and Transit of Defence Materiel (*defence materiel*).

1. LEGAL BASIS AND NATIONAL LICENCING GUIDELINES

The basic principles, policies and national practices on the export of conventional arms and related technology are outlined in the relevant Finnish legislation. The export of defence materiel and its transit is allowed only if authorisation (an export licence) has been granted. Authorisation will not be granted if it jeopardises Finland's security or is in contradiction with Finland's foreign policy.

These basic principles contained in the Act on the Export and Transit of Defence Materiel are supplemented by clarifying rules outlined in the national Guidelines. All applications are examined on a case-by-case basis based on an overall assessment. The following factors shall be taken into account in the overall assessment of licence applications:

- foreign and security policy aspects, including the relevant UN, OSCE, EU and other international obligations be they decisions on arms embargoes, multilateral restraints, criteria, principles or guidelines of multilateral export control regimes
- an analysis of the situation prevailing in the recipient country, especially with regard to human rights, including attitudes of other States vis-à-vis the recipient country
- the characteristics, intended use and military significance of the item to be exported
- the significance of the item and export in relation to the materiel preparedness of Finnish national defence and to the development of domestic defence industry.

The EU Code of Conduct on Arms Exports is incorporated into the Finnish legislation as an annex to the national Guidelines. In ambiguous cases, a restrictive approach is preferred. If the export of the item in question, by virtue of its characteristics and significance, will not lead to, or in all likelihood won't be used in violations of human rights, offensive armed action or other comparable unacceptable purposes inside or outside the recipient country, the granting of a licence may be recommended if the overall assessment on all other accounts is favourable and if the formal licensing requirements have been met.

There are specific rules for the export licensing of components and subsystems of any defence equipment.

An intraministerial dialogue on the possible updating of the national guidelines is currently under way.

The relevant Finnish legislation is as follows:

Act on the Export and Transit of Defence Materiel (242/1990, amendments up to 900/2002 included)

- a concise framework law stipulating the authorisation and procedure as well as sanctions in case of violations
- establishes the following responsibilities for various authorities:
 1. Ministry of Defence (MoD): licensing authority
 2. Council of State (Council of Ministers): grants licences in all major exports; affirms the guidelines
 3. Ministry for Foreign Affairs (MfA): advises on foreign and security policy considerations
 4. Customs: enforcement

General Guidelines for the Export and Transit of Defence Materiel (1000/2002)

- Provides more detailed guidelines for the application of the Act by giving clarifying rules of foreign and security policy substances as well as of procedural substance
- Provides more detailed guidelines for the implementation of the international agreements and obligations adhered to by Finland in the field of export of defence equipment
- incorporates the international norms into the domestic legislation by explicit references to the OSCE Principles on arms transfers, the EU Code of Conduct on Arms Exports, decisions on arms embargoes by the UNSC or the EU etc. and integrates these sets to the Guidelines as its annexes.

Decree on the Export and Transit of Defence Materiel (108/1997, amendments up to 100/2003 included)

- establishes the coverage of controls by defining the list of defence materiel, by main headings, classified into four item categories (based on characteristics, intended use and military significance of the items)
- the coverage also includes "related technology". Authorisation is, hence, needed for yielding control or transfer abroad of any:
 - know-how and licence to manufacture materiel
 - machine tools and equipment especially designed for manufacturing materiel
 - computer software relating to the manufacture or use of materiel

- the export of technology shall require an export licence even if such technology is intended for development, production or use of an item which is not defined as defence materiel
- authorisation is not required for the exports of technology which is necessary for the installation, use, maintenance, inspection, or repair of an already licenced item
- nor is authorisation required for the export of technology which is widely available internationally or related to basic scientific research.

Decree of the Ministry of Defence (192/1997, amendments 59/2002 and 543/2002)

- implements the the EU Common List of Military Equipment as well as the Munitions' List of the Wassenaar Arrangement.

Legislation on Arms Brokering in Finland

One of Finland's priorities last year in the field of export control legislation was to introduce a legal framework for controlling arms brokering. The main reason for this was that the lack of brokering controls was seen as a loophole in our legislation. Furthermore, the implementation of the relevant provisions of the UN Firearms Protocol and the OSCE Document on Small Arms and Light Weapons, and of course the UN Programme of Action was also regarded as a matter of priority. Finnish legislation is in full compliance with the Common Position on arms brokering adopted by Council of the European Union in June 2003.

The new brokering legislation came into force in Finland on the 1st of December, 2002. The new provisions on controlling arms brokering were incorporated into the existing Act on the Export and Transit of Defence Materiel (242/1990, amendments 900/2002). The new legislation includes the following key elements.

Brokering controls cover all defence materiel. The concept of defence materiel is basically identical to the coverage of the Wassenaar Munitions' List as well as the EU Common List of Military Equipment, with one exception. In Finland, the civilian firearms and ammunition, (i.e. hunting and sporting weapons and ammunition) are controlled in a different legislative framework (Firearms Act, 1/1998) and fall within the competence of the Ministry of Interior. Brokering controls in the field of civilian firearms are currently under preparation.

The guiding principle is simple: the same controls apply to brokering as apply to export and transit of defence materiel. This means that each individual brokering transaction is subject to a brokering licence. The competent licensing authority is the Ministry of Defence.

Ministry for Foreign Affairs is responsible for foreign and security policy considerations, as in the case of export licensing. Export or brokering licence may not be granted if it jeopardises Finland's security or is in contradiction with Finland's foreign policy. The licensing criteria are the same as in the case of export or transit; Finland applies it's national Guidelines (which include the EU Code of Conduct on Arms Exports as well as the OSCE Guidelines), relevant international commitments and, of course, international arms embargoes, whether by the UN, the EU or the OSCE.

The end-use controls are also the same. In general, Finland applies a fairly strict policy in this respect; an end-user certificate is basically a mandatory prerequisite for granting an export or a

brokering licence in all cases and to all destinations. Also the sanctions are the same as in the case of export or transit; penalties range from fines to four years of imprisonment.

Definitions in the new legislation are mainly based on the deliberations within the EU (COARM) and the Wassenaar Arrangement. The term brokering is defined as “activities where the parties are brought in contact with each other with a view to concluding a contract involving export or transfer of defence materiel”. The travaux préparatoires describe brokering as “buying and selling, where the products enter into the legal possession of the broker” and “mediating without direct acquisition of property”. The broker, on the other hand, is described as “a private person or a legal entity negotiating or arranging a contract that involves export or transfer of defence materiel from a third country to another”. "Third countries "is understood to cover all foreign countries (including EU Member States).

The licensing requirement applies to brokering activities taking place on Finnish territory. In addition to this the brokering rules may have an extraterritorial scope of application: even if a brokering transaction takes place outside Finnish territory, the licensing requirement applies whenever the broker is a Finnish citizen, a Finnish legal entity or a Finnish resident.

The Ministry of Defence maintains a database of all licences granted. The licences are public documents in Finland, as are export and transit licences, and available for reading or photocopying at the MoD registry. The MoD publishes detailed statistics of all licences granted on an annual basis.

Finland is planning to set up a register of arms brokers. The relevant legislation is under preparation.

2. EXPORT LICENCES OF DEFENCE MATERIEL IN 2002

Country of destination	CL category	Total amount (pcs/kg)	Unit	Value of licences granted (in euros) by destination
Australia	1.1	50	pcs	
	13.3	500+500	pcs	255600
Austria	8	41230+3600	pcs+kg	
	13.3	500+500	pcs	347684
Bahrain	7.5	10000+22000	pcs	875088
Belgium	13.3	500+500	pcs	202500
Bulgaria	3	14600	pcs	
	3	10000	pcs	24208
Canada	1.1	60+75	pcs+kg	
	7.5	20000	pcs	
	13.3	500+500	pcs	1077500
Chile	7.5	176	pcs	14232
Czech Republic	11	13	pcs	
	7.5	20000	pcs	
	15.4	12	pcs	
	11	16	pcs	
	6	9	pcs	
	6	6	pcs	
	13.3	500+500	pcs	
	3	2445	pcs	3240053
Denmark	13.3	500+500	pcs	202500
Estonia	3	80000	pcs	
	21.2.1	270	pcs	
	13.3	500+500	pcs	
	1.1	50	pcs	444420
France	1.1	65	pcs	
	13.3	24	pcs	
	13.3	500+500	pcs	
	3	275	pcs	288268
Germany	3; 18.2	800+2	pcs	
	3	157+258	pcs	
	1.1	750+300	pcs+kg	
	13.3	500+500	pcs	
	3	800	pcs	1502615
Greece	3	4900+1200	pcs	
	13.3	500+500	pcs	
	3	11720	pcs	255053
Hungary	13.3	500+500	pcs	202500
Iceland	13.3	500+500	pcs	
	1.1	12	pcs	215500
Ireland	3	101200	pcs	
	13.3	500+500	pcs	
	3	1200	pcs	278371
Italy	1.1	5	pcs	
	3	10100	pcs	
	1.1	130	pcs	

	13.4	3277	pcs	
	1.1	400	pcs	
	13.3	500+500	pcs	
	6	25	pcs	
	13.4	25	pcs	3267897
Japan	7.5	100	pcs	
	13.3	500+500	pcs	211391
Jordan	7.5	1500	pcs	126630
Republic of Korea	3	10000	pcs	
	3	16296	pcs	54244
Kuwait	1.1	4	pcs	9166
Latvia	3	13000	pcs	
	3	42000	pcs	
	13.3	500+500	pcs	
	1.1	10	pcs	
	3	9000	pcs	257716
Liechtenstein	13.3	500+500	pcs	202500
Lithuania	3	8000	pcs	
	13.3	500+500	pcs	
	1.1	2	pcs	
	7.5	20	pcs	
	7.5	20	pcs	
	7.5	1200+2400	pcs	327838
Luxembourg	13.3	500+500	pcs	202500
Malaysia	6	9	pcs	247968
Mexico	3	506	pcs	169004
Netherlands	3	2400	pcs	
	1.1	50	pcs	
	13.3	500+500	pcs	
	3	97600	pcs	
	7.5	80	pcs	271762
Norway	3	200	pcs	
	13.3	500+500	pcs	
	8	1150	kg	
	6	2	pcs	1294284
Poland	8	10000	kg	
	13.3	500+500	pcs	
	9	6	pcs	621568
Portugal	3	10000	pcs	
	13.3	500+500	pcs	209005
Saudi Arabia	7.5	68572	pcs	
	7.5	20000	pcs	756975
Slovakia	1.1	20	pcs	
	13.3	500+500	pcs	
	7.5	350	pcs	254800
Slovenia	7.5	1000+1000	pcs	
	7.5	30000	pcs	
	7.5	2500	pcs	
	7.5	3000	pcs	393655
South Africa	1.1	20	pcs	
	3	10000	pcs	
	3	45000	pcs	80598

Spain	1.1	130+50	pcs	
	13.3	500+500	pcs	
	3	2900	pcs	365576
Sweden	8	5300	kg	
	3	1000	pcs	
	4	300+50	pcs	
	3	20182	pcs	
	3	500	pcs	
	3	500	pcs	
	13.3	500+500	pcs	
	1.1	30	pcs	
6	65	pcs	38589756	
Switzerland	10.2	3+2	pcs	
	10.2	30+10	pcs	
	3	30	pcs	
	13.3	500+500	pcs	
	1.1	5	pcs	
	1.1	50	pcs	651884
Thailand	11	5	pcs	
	7.5	35+100	pcs	
	3	4020	pcs	109989
United Arab Emirates	13.3	1+1	pcs	
	3	5000	pcs	
	1.1	6	pcs	16859
United Kingdom	3	500000	pcs	
	1.1	70+30	pcs+kg	
	13.3	500+500	pcs	
	3	8000	pcs	299013
United States	1.1	120+150	pcs+kg	
	1.1	4	pcs	
	1.1	350+150	pcs+kg	
	13.3	500+500	pcs	
	7.5	27000	pcs	988551
Australia, Austria, Belgium, Canada, Czech Republic, Denmark, France, Greece, Hungary, Iceland, Ireland, Ita- ly, Japan, Luxem- bourg, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Swit- zerland, United Kingdom, United States	3	N/A	N/A	N/A
TOTAL (EUROS)				59407221

N.B. Figures given under this item only include export licences granted for commercial exports by the Finnish industry. Figures above do not include uncommercial exports for the Finnish Defence

Forces' purposes, temporary export licences, free of charge exports for sales promotion or marketing purposes, transit licences nor responses to prior enquiries.

Total number of export licences granted: **156**

Total value of individual export licences granted in 2002: **59.407.221,00 euros.**

3. ACTUAL EXPORTS OF DEFENCE MATERIEL FROM FINLAND IN 2002

3.1. Defence materiel exports from Finland in 2002 by countries based on annual reports given by defence materiel exporters:

	EUR	%
1. AUSTRALIA	19887	0,037
2. AUSTRIA	171021	0,317
3. BELGIUM	10844	0,020
4. BULGARIA	7320	0,014
5. CANADA	13635	0,025
6. CHILE	19476	0,036
7. CZECH REPUBLIC	353728	0,655
8. DENMARK	4446	0,008
9. EGYPT	4418263	8,186
10. ESTONIA	48920	0,091
11. FRANCE	50160	0,093
12. GERMANY	1272180	2,357
13. GREECE	158234	0,293
14. ICELAND	4400	0,008
15. IRELAND	69878	0,129
16. ITALY	988112	1,831

17. JAPAN	10935	0,020
18. JORDAN	126930	0,235
19. REPUBLIC OF KOREA	54244	0,101
20. LATVIA	44349	0,082
21. LITHUANIA	89991	0,167
22. LUXEMBOURG	29481	0,055
23. THE NETHERLANDS	23647	0,044
24. NEW ZEALAND	137304	0,254
25. NORWAY	25597	0,047
26. POLAND	98782	0,183
27. PORTUGAL	6505	0,012
28. SAUDI ARABIA	883139	1,636
29. SINGAPORE	1101221	2,040
30. SLOVAKIA	458505	0,850
31. SLOVENIA	1748511	3,240
32. SOUTH AFRICA	59248	0,110
33. SPAIN	16142	0,030
34. SWEDEN	39133978	72,506
35. SWITZERLAND	483837	0,896
36. THAILAND	101757	0,189
37. UNITED ARAB EMIRATES	7200	0,013
38. UNITED KINGDOM	74741	0,138
39. UNITED STATES	1646611	3,051
TOTAL	53973159	100

	EUR	%
EU-countries	42009369	77,834
Other countries without foreign- and security political restraint	3253221	6,027
Other countries, decision made on case by case basis	8710569	16,139
TOTAL	53973159	100

3.2. Defence materiel exports from Finland in 2002 according to product categories based on annual reports given by defence materiel exporters:

	EUR	TOTAL
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	1038864	1038864
B. Guns, mortars etc. and accesso- ries thereof		
- Guns and accessories	4270063	4270063
C. Ammunition, shots etc. and components thereof		
- Ammunition, cartridge cases, components and tools	2057192	
- Rifle cartridges and bullets	941696	
- Inert training shots and target practice rounds	1303221	4302109
D. Military vehicles	36972120	36972120
E. Military powder and related materiel	173367	173367
F. Military electronics		
- computer software	985000	
- message terminals	11560	
- night vision devices	82320	1078880
G. Others		
- Protective equipment	5254846	
- Load handling devices	647854	
- Scrap metal (cases)	235056	6137756
TOTAL		53973159

3.3. Defence materiel exports from Finland in 2002 by countries and according to product categories based on annual reports given by defence materiel exporters:

	EUR	TOTAL
1. AUSTRALIA		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	18640	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	1247	19887
2. AUSTRIA		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	40062	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	48260	
E. Military powder and related materiel	82699	171021
3. BELGIUM		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	7189	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	3655	10844
4. BULGARIA		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	7320	7320
5. CANADA		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	8348	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	5287	13635
6. CHILE		
G. Others		
- Protective equipment	19476	19476
7. CZECH REPUBLIC		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	50750	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	7086	
F. Military electronics	89870	
G. Others		
- Load handling devices	206022	353728
8. DENMARK		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	4446	4446

9. EGYPT		
B. Guns, mortars etc. and accessories		
- Field gun and accessories	4258263	
C. Ammunition, shots etc. and components thereof		
- Ammunition	160000	4418263
10. ESTONIA		
A. Light weapons and accessories thereof		
- Sniper rifle accessories	1000	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	47920	48920
11. FRANCE		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	17240	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	32920	50160
12. GERMANY		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	182341	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	82323	
- Base bleed unit components	22516	
F. Military electronics	985000	1272180
13. GREECE		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	20686	
- Tracer cartridge components	32709	158234
14. ICELAND		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	4400	4400
15. IRELAND		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	69878	69878
16. ITALY		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	434475	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	19282	
- Ammunition parts	166650	
G. Others		
- Protective equipment	11655	
- Load handling devices	367705	988112
17. JAPAN		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	51	
G. Others		
- Protective equipment	10884	10935

18. JORDAN		
G. Others		
- Protective equipment	126930	126930
19. REPUBLIC OF KOREA		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	54244	54244
20. LATVIA		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	44349	44349
21. LITHUANIA		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	2200	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	4688	
G. Others		
- Protective equipment	83103	89991
22. LUXEMBOURG		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	13183	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	16298	29481
23. THE NETHERLANDS		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	5891	
G. Others		
- Protective equipment	17756	23647
24. NEW ZEALAND		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	1000	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	136304	137304
25. NORWAY		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	3300	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	2921	
E. Military powder and related materiel	19376	25597
26. POLAND		
E. Military powder and related materiel	13000	
G. Others		
- Load handling devices	85782	98782
27. PORTUGAL		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	6505	6505
28. SAUDI ARABIA		

G. Others		
- Protective equipment	883139	883139
29. SINGAPORE		
C. Ammunition, shots etc. and components thereof		
- Target practice rounds	1101221	1101221
30. SLOVAKIA		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	3200	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	12829	
G. Others		
- Protective equipment	442476	458505
31. SLOVENIA		
G. Others		
- Protective equipment	1748511	1748511
32. SOUTH AFRICA		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	2200	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	57048	59248
33. SPAIN		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	14150	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	1992	16142
34. SWEDEN		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	3400	
B. Guns, mortars etc. and accessories thereof		
- Pressure weapon	11800	
C. Ammunition, shots etc. and components thereof		
- Ammunition, cartridge cases, components and tools	1651310	
- Inert training shots and target practice rounds	202000	
D. Military vehicles	36972120	
E. Military powder and related materiel	58292	
G. Others		
- Scrap metal	235056	39133978
35. SWITZERLAND		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	1303	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	273	
G. Others		
- Protective equipment	482261	483837
36. THAILAND		
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	7878	

- Cartridge cases	85304	
F. Military electronics	4010	
G. Others		
- Protective equipment	4565	101757
37. UNITED ARAB EMIRATES		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	7200	7200
38. UNITED KINGDOM		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	17812	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	56929	74741
39. UNITED STATES		
A. Light weapons and accessories thereof		
- Sniper rifles and accessories	205471	
C. Ammunition, shots etc. and components thereof		
- Rifle cartridges/bullets	17050	
G. Others		
- Protective equipment	1424090	1646611
TOTAL		53973159

Total value of defence materiel exports in 2002: **53.973.159,00 euros.**