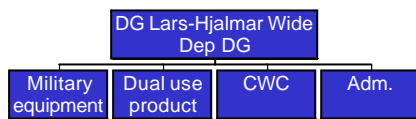




The National Inspectorate of Strategic Products 2004



The National Inspectorate of Strategic Products (ISP) was established in 1996. The Agency controls Sweden's export of Military Equipment and Dual Use products, i.e. products that can be used both for military and civilian purposes. ISP also acts as national authority by co-ordinating the implementation of the UN Convention on prohibition of Chemical Weapons in Sweden. 19 persons are employed at the agency. Director General is Lars-Hjalmar Wide.

The ISP has the authorisation from the Swedish Cabinet to decide on matters related to exports of military equipment and dual-use products but can forward issues of principle or particular importance to the Government (Ministry for Foreign Affairs). An advisory body, The Export Control Council, consisting of 10 representatives from all political parties, which have a seat in the Riksdag (the Parliament), is attached to the ISP. The Council assists the ISP to interpret the guidelines for arms exports and also receives thorough briefings on all export licences. The involvement of the Parliament in the decision-making process contributes to increased transparency.

Military Equipment

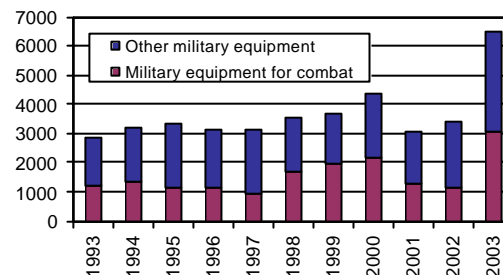
The Act on military equipment (SFS 1992:1300), the Ordinance (SFS 1992:1303) and the Guidelines (Government Bill 1991/92:174) rule that it is prohibited to produce, trade with, and export military equipment as well as to co-operate with a foreign company in this field, unless you have a licence. During this year a review of the legislation is being carried out (Dir. UD 2003:80).

Export is approved if the export is likely to enhance the capability of the defence industry to provide the Swedish Armed Forces with equipment or know-how and if it is in line with the Swedish security policy or otherwise does not contradict the principles and objectives of the Swedish foreign policy.

ISP handles all applications related to export, production, brokering or industrial co-operation, and thereby approves or denies the said applications. Sometimes there is a need to classify the product in order to decide whether it is military equipment or not. To assist in this matter, ISP has a Technical-Scientific Council. At an early stage, the ISP can present to a company an advisory opinion whether it will be possible to receive an export licence to a certain destination.

usually not during the same year as the contract was signed. The export licences indicate how successful the company is on the market, while the actual export represents delivered and invoiced equipment.

Swedish exports of military equipment 1993 – 2003
(current prices, SEK million)



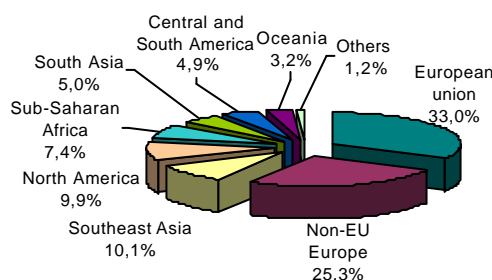
Value of export licences granted and actual exports of military equipment 1997 – 2003 (MSEK)



It is important to separate the value of approved export licences and actual deliveries. Once a company has signed a contract, it applies for an export licence but the actual export takes place over a number of years and

Countries that acquire defence equipment from Sweden must know that they also in the future can be certain that additional orders of equipment, spare parts, components or ammunition will be supplied in accordance with their requirements. Such deliveries are considered to be follow-on deliveries. According to the guidelines such deliveries should be approved unless the European Union or the United Nations have issued an arms embargo against the specific country. The policy of follow-on deliveries is of importance as it is in Sweden's security interest to take a long term view on the issue of security of supply.

Exports of military equipment by regions as a percentage of the value in 2003



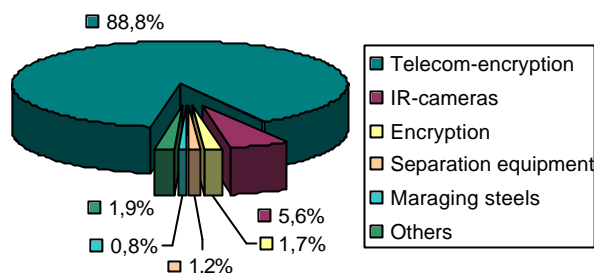
Dual Use Products

The legislation on dual use products is a Council Regulation (EC) No 1334/2000 of 22 June setting up a Community regime for the control of exports of dual-use items and technology. Nationally, Sweden also has the Act (SFS 2000:1064) and Ordinance (SFS 2000:1217) covering dual-use items and technical assistance, such as consultant services, which require export control.

Technical assistance to chemical, biological or nuclear weapon programs or carriers of such weapons are prohibited in accordance with the legislation. These rules cover a vast area, from nuclear substances to qualified mechanical tools and equipment.

These products can be used for completely legitimate civilian purposes but they can also be used for development and production of weapons of mass destruction. Products that are under control are presented on internationally agreed lists. The presumption for these products is that export is allowed but can be prohibited on a case-by-case basis.

Dual use products (in value) 2003



In these matters, ISP closely co-operates with other agencies, having their own sources of intelligence, such as the National Security Service, the Armed Forces and the Customs. The judgement is based on an analysis whether the purpose of the use is reasonable and who is the End User.

UN Convention on the prohibition of Chemical Weapons (CWC)

CWC prohibits development, production, possession and use of chemical weapons and possession of production facilities for such weapons. All weapons and production facilities shall be destroyed no later than 2007, with a possible extension to 2012. CWC controls that chemicals only are used for purposes not prohibited by the Convention.



ISP is the National Authority for the national implementation of the CWC and in this capacity point of contact vis-à-vis the Organisation (OPCW in the Hague) responsible for the international implementation of the Convention.

The Convention includes lists of chemicals governing the kind of control that is linked to a certain chemical.

The control includes declarations, inspections and control of export to countries not being Parties to the Convention. Annual declarations to the OPCW include certain research institutes and industries. Activities to be declared include production, processing, consumption, export and import. OPCW undertakes inspections of declared facilities in accordance with elaborated rules.

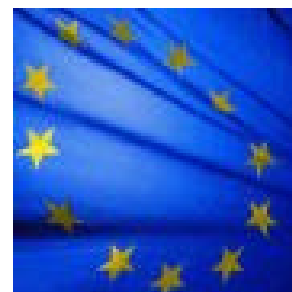
In accordance with the Convention, each Party shall declare which kind of humanitarian assistance and protection it can offer in case another Party has been attacked with or threatened by chemical weapons. Sweden is active in this area and has declared assistance consisting of rescue personnel and equipment. Sweden also offers courses in rescue services and protection.

ISP is participating in different networks at the OPCW supporting the global implementation of the Convention.

International activities

ISP participates in various working groups within the EU, such as the Working Party on Dual-Use and the Coordination Group, that separately work with the implementation and the application of the EU-legislation, respectively, and the COARM, focusing on the implementation of the EU Code of Conduct on arms export and increased transparency in these matters. Within the framework of the LOI-Agreement, to facilitate the restructuring and operation of the European defence industry between Sweden, France, Spain, Italy, Germany and the United Kingdom, ISP is active in issues related to Export Control and Security of Supply. Substantial contacts also take place with the Nordic countries and the USA.

Besides this, ISP participates in several multilateral arrangements such as Nuclear Suppliers Group (nuclear weapons and nuclear related technology), Australia Group (biological and chemical weapons and equipment that can be used to produce such weapons), Missile Technology Control Regime and the Wassenaar Arrangement on export control of military equipment and dual-use goods and technologies (equipment and technology to produce conventional weapons).



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