

DECLASSIFIED INFORMATION PROVIDED TO THE
QUADRIPARTITE COMMITTEE ON 11 MAY 2004

NOVEMBER 2003 ANSWERS

Nuclear Suppliers Group and Zangger Committee

17 What was the outcome of consultations within the Nuclear Suppliers Group in 2002 on engaging non-member states and transshipment states on counter-proliferation issues? Which non-member and transshipment states were involved? What role did the UK play in these consultations? What progress in this area has been made since 2002? What progress was made within the Zangger Committee on outreach to non-members?

Discussions on Outreach continued into 2003. At the NSG Plenary meeting in South Korea in May, the Australians announced plans to co-host, with the US, a global transshipment enforcement seminar. This took place in Sydney from 15 to 18 July. Australia invited a number of non-NSG Member States including; Estonia, Egypt, Fiji, Hong Kong, India, Indonesia, Jordan, Lithuania, Malaysia, Malta, Panama, Pakistan, Singapore, Taiwan, Thailand, and UAE.

The UK were involved with NSG Outreach discussions at the Plenary and we have held bilateral talks on export controls with; Hong Kong, China, Russia, Poland, Ukraine, Serbia and Montenegro, Israel and Macao. The UK also consulted with Estonia on providing assistance with their application to join the NSG.

Refusals and revocations

32 The Committee would be grateful to receive details of the “licence revoked after it was issued in error and subsequently issued in 2003”. Were the circumstances in which the licence was issued in error different from the circumstances in which a licence was similarly issued in error in 2001? Were lessons learnt from the error in 2001 applied in the case of the licence issued in error in 2002?

This licence was issued in error before a final decision had been reached. This was because a piece of advice relating to another case (and giving clearance) was mistakenly attached to this file, leading to the issue of this licence on 12 December 2002. Other Government departments quickly highlighted the error and the licence was revoked on 20 December 2002. A licence was subsequently issued on 20 February 2003 once all the proper checks had been carried and necessary clearance obtained. The circumstances in this case were similar, but not identical to, the circumstances that led to the revocation in 2001. Errors of this sort are extremely rare, but, as with every human process, occasional mistakes are inevitable. The Government has procedures in place to learn from any error.

40 Were any strategic goods intended for export stopped by HM Customs and Excise in 2002 or since? What was the nature of these goods, and did HM Customs and Excise take any further action against the exporters of the goods? How has HM Customs and Excise acted on the rating advice received from the Export Control Organisation in 2002 and since?

Since January 2002, HM Customs and Excise have dealt with 456 strategic goods cases being exported from, or in transit through, the UK. A list of goods involved is attached (Annex A). It should be emphasised that most of these cases involved technical breaches only. Action taken by Customs varies from case to case and includes:

- detaining goods pending the issue of an export licence
- inviting exporters to withdraw from export goods which the DTI has informed them could assist a WMD programme
- seizing goods which have breached the controls
- offering restoration of seized goods on payment of a fee and on an undertaking not to re-export without a licence
- issuing warning letters
- compounding proceedings on payment of a penalty.

There has been one prosecution in this period. The defendant pleaded guilty and was issued a fine by the Court.

Customs would normally seek DTI ratings advice before taking any action. Where the advice is that no licence is required, the goods are released. Where the advice is that a licence is required, action is taken as above. Where the goods are not listed but the DTI decides to notify the exporter that they need a licence on end-use grounds, Customs invite the exporter to withdraw the goods. Goods cannot be seized in these circumstances except where it can be proved the exporter had grounds to suspect a WMD end-use. Where frontier-based officers suspect a deliberate breach cases are referred to specialist investigators.

DECEMBER 2003 ANSWERS

27. In 2002 and in 2003 to date, for how many licence applications that were refused was Criterion 8 a relevant consideration, recognising that a licence application may be refused for a combination of reasons? The Committee would be grateful for details of any such applications.

Criterion 8 considerations have been a factor in one licensing decision to refuse licences.

FEBRUARY 2004 ANSWERS

2 An update following the December plenary session of the Wassenaar Arrangement (*original questions 11–16*).

Previous Question 14 The Annual Report states that at the 2002 Plenary meeting a “number of additional proposals aimed at strengthening export controls as part of the fight against terrorism” were made. What were these additional proposals; which country(ies) proposed them; what was the UK's opinion of them; and what prevented their acceptance?

The recommendations that the sub-group forwarded for consideration were as follows: -

- That the Wassenaar Arrangement (WA) Secretariat should introduce and maintain a Bulletin Board area within the Wassenaar Arrangement Information System (WAIS) for use by Participating States, on such issues as rogue traders;
- For other WA working groups to consider (because of their relevance to terrorism) additional explosives and related items for inclusion, as appropriate, on WA control lists;
- For the Arrangement to focus on measures to increase the capability of licensing and enforcement officers to conduct critical analyses of end-user certificates, including conformation of authenticity and sharing of information;
- To endorse continued work on marking and tracing/security of stocks, taking into account the Franco/Swiss initiative aimed at improving the capability to identify and trace illicit SALW in a timely and reliable manner.

In addition the GWG were mandated to continue in 2003 to develop a German proposal for specific terrorism-related criteria for evaluating proposed transfers with a view to states notifying each other when they had denied transfers based on these criteria.

All of these recommendations were agreed at the Plenary and work is being taken forward.