



Committees on Arms Export Controls

Oral evidence: Scrutiny of Arms Export Controls, HC 695

Wednesday 8 January 2013

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Members present: Sir John Stanley (Chair); Mr Adrian Bailey; Sir Malcolm Bruce; Ann Clwyd; Mike Gapes; Mr James Gray; Fabian Hamilton; Mark Hendrick; Ann McKechin; Sir Peter Luff; Bob Stewart; Derek Twigg

Questions 130-190

Witnesses: **Rt Hon William Hague MP**, Secretary of State for Foreign and Commonwealth Affairs, **Richard Tauwhare**, Head of Arms Export Policy Department, and **James Paver**, Deputy Head of Arms Export Policy Department, Foreign and Commonwealth Office, gave evidence.

Q1 Chair: Foreign Secretary, welcome to this meeting of the Committees on Arms Export Controls, and thank you for bringing your officials, Mr Richard Tauwhare and Mr James Paver.

I want to commence with what is undoubtedly the single most important policy issue the Committee has been addressing, as you well know. At the Committee's oral evidence session with you on 7 February 2012, we asked you for a clear statement as to the Government's policy on arms exports and internal repression. You said that the policy was: "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." Foreign Secretary, is that still the Government's policy?

Mr Hague: Yes. The "clear risk" applies to both parts of the sentence, in line with our long-established policy. The Business Secretary and I have written to the Committee in the last couple of days, following your session with him on 18 December. To be absolutely clear about that, it is the long-standing policy to follow criterion two of the consolidated criteria. We will not grant a licence if there is a clear risk that the items might be used for internal repression, so "clear risk" applies to the whole of the sentence of two years ago.

Q2 Chair: That is absolutely not a construction that anybody could, I think, reasonably have placed on your previous statement to the Committee on 7 February 2012. It is also a construction that certainly cannot be placed on the policy that was set in October 2000 by the then Government, which the present Government claim they are adhering to. There are two separate tests. One is the "clear risk" test set out in criterion two, which we accept

completely. You will have seen from my letter to you of Monday that we repeated this a total of 26 times in our previous report. That is set out in criterion two as the first test, but it is a relatively limited test, because you can always argue that there is a risk, but the risk is not clear and, therefore, the export licence should be granted. Completely separate from criterion two is the policy paragraph in the original Peter Hain statement of October 2000. That is the second crucial test. It is absolutely clear that the wording there is not subject to clear risk. The wording reads: “An export licence will not be issued if the arguments for doing so are outweighed by...concern that the goods might be used for internal repression.” That is a policy that has existed since 2000. That is the policy which you stated to the Committees on 7 February 2012. The only conclusion we can make from the answer you gave to my first question is that you are now resting the Government’s policy solely on criterion two—the clear risk test—and, contrary to what you and your fellow Ministers have been saying to us, which is that there has been no change in policy, that represents a fundamental change of policy from that enunciated by the previous Government, and by yourself on 7 February 2012.

Mr Hague: No, Mr Chairman, I do not agree with that at all. There has not been any change of policy under the last Government or the current Government. You correctly read out the statement of Peter Hain, the Minister in 2000, but what he was giving then, as I understand it, was a summary of the detailed criteria. The last Government pursued the policy of criterion two—of clear risk as the test. That is what we have carried on under the current Government. The policy that has always been applied—officials can come in on this and correct me, because they go back further than Ministers—is the clear risk test, and the policy that is applied now is the clear risk test. There is a particular issue on the suspension of licences to Egypt, as you know, but the clear risk test is the one that is always applied. That is our policy; that is the policy Her Majesty’s Government pursue, and if we wanted to change it we would of course consult our partners in the EU, we would inform Parliament and we would inform our officials, but we have not done any of those things because we have not at any point changed the policy.

Q3 Chair: Foreign Secretary, you say that, but that is not a construction that can be put on your original statement to the Committees on 7 February 2012. As far as the policy of the previous Government is concerned, I can tell you that I have personally spoken informally to Peter Hain, who told me that he deliberately inserted that policy paragraph into the written statement that was made in October 2000. He has personally told me that he attached profound importance to that policy statement. Obviously, it will be for the Committees as to whether they wish to try to seek further evidence from Mr Peter Hain, but I have to make it very clear that your statement today is a fundamentally different statement of policy from the one you put to the Committees on 7 February 2012.

Mr Hague: I do not agree with that at all, Mr Chairman. The “clear risk” stated at the beginning of a sentence can apply to both parts of the sentence. I think that is all we are really arguing about here. It absolutely applies. Sometimes we use sentences in a brief form to try to assist in getting through the business of Parliament. “Clear risk” applies to both parts, and it always has done. I am very interested in what you say about Peter Hain and would be happy to hear more about that, but I am confident in saying—I must not speak for the previous Government—that they applied the clear risk test just as we apply

it. I turn to the officials to confirm that point. They do confirm it; they are nodding in the affirmative for the record.

Q4 Chair: It is for Ministers to speak for the policy of the previous Government.

Mr Hague: I wish it was—but it is those Ministers.

Chair: It is for those Ministers to speak for the policy of the previous Government.

Mr Hague: But be in no doubt that the policy implemented—the policy actually being pursued by the previous Government—was the same as the policy of the current Government.

Q5 Chair: So you state, Foreign Secretary, and that remains to be tested. I go back to the wording of your statement to the Committees. I do not think any reasonable construction is other than the one that I put to you. You said that “clear risk” applies to both parts. I suggest that it does not. It says: “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.” It does not then say “or that”. If it was “or that”, the clear risk would apply to both. Quite differently, after the comma it says “or which might be used to facilitate internal repression.” This is not semantics; it is an absolutely fundamental point of policy. It will be for the Committee to take a view as to how you have responded to my question, but on any reasonable construction of the wording, to me the fact that after the comma it says “or which might be used to facilitate internal repression” makes it absolutely clear that the so-called clear risk test did not apply to the second half of the sentence.

Mr Hague: I do not agree with that either. I can see how it is possible to read it a different way, but, since we have always been absolutely clear that it should be read in the way I have described, I might be best placed, as the author of the sentence, to be able to say what it has always meant.

Q6 Chair: I go back to what I said to you earlier, which is that separation of the “clear risk” test from “which might be used to facilitate internal repression” is made even clearer by the fact that the wording “which might be used to facilitate internal repression” is entirely separate, and in a separate paragraph in the original Peter Hain statement.

Mr Hague: We would all be interested to know what Peter Hain says about that, but the policy implemented by the previous Government and the policy implemented by the current Government throughout is to apply the clear risk test to items that could be used for internal repression. Whatever our arguments about the words, that is the policy that for the last 13 years has been pursued in practice. That is how officials and Ministers have been applying these tests to licences; that is the test we are using in practice on a day-to-day basis. I can assure you there has been no change in that. It is possible to make a case for a change, but there has not been a change. If there were to be a change, we would certainly inform Parliament, and in any case we would want to co-ordinate it with our partners across the European Union.

Chair: The Committees will reflect further on the exchange that has taken place. We are now going to move to the very important issue of the Government's policy on export licences for chemicals to Syria.

Q7 Fabian Hamilton: Can I move on to chemical exports to Syria, which I understand were made as late as the middle of 2012 before they were revoked in September 2012? I believe that the two extant licences were for sodium fluoride and potassium fluoride, which are dual-use chemicals. It was suggested that they were going to be used for industrial processes, including the manufacture of toothpaste and the fluoridation of water. I understand that they were revoked in September. The company buying those chemicals was Awad Ammora Co & Partners of Damascus in Syria. Did not the facts that Syria was known to be a major holder of chemical weapons, that the chemicals being exported were both precursors for the production of sarin gas, that the recipient company had been previously identified as a front company for the Assad regime, and that there was a civil war in progress in Syria raise any concerns when the licence applications were considered? I wonder whether you could comment on that. It seems strange that, in spite of the fact that these are dual-use chemicals, no question marks were raised. Did you have an input?

Mr Hague: These were considered, and I think considered correctly, by officials at the time, because they were not covered by the sanctions at the time. On the company Awad Ammora, the information about it was checked across the Government. I think Vince Cable also commented on this when you asked him the other day. There was no information to corroborate the media reports in 2004 linking the company to the Saddam Hussein regime, nor was there any evidence linking the company to any chemical weapons programme, nor have we seen any subsequently. Whatever media reports there have been, the Government have not been able to establish any such evidence, if that is of any reassurance on that point.

Q8 Fabian Hamilton: Can I ask whether it was confirmed to you that these were precursor chemicals for the manufacture of sarin gas? I am not a chemist so I do not know, but presumably you had expert advice on this.

Mr Hague: These would not be considered by Ministers at the time. As you know, we have increased the number of licences that are now considered by Ministers; 300 a year is the latest figure, which is nearly a tenfold increase compared with 2010. There is a huge increase in ministerial scrutiny, but that happens only where there are legal grounds to refuse a licence, so that Ministers really have something to consider.

Q9 Fabian Hamilton: This was in 2012 when the civil war was raging and things were looking pretty grim. We know that the Syrian Government had access to chemical weapons. I just wonder why any export licences at that time were not given to Ministers for approval—for any product.

Mr Hague: There are two things to say about that. First of all, if such a situation arose again, as we have already seen in the Egypt crisis, we would rapidly apply a suspension of all licences in a new Syria crisis, unless all the facts were available very quickly. Using the new mechanism—we are always improving the system and we often use the advice of the

Committees to improve the system—we would apply a rapid suspension of all licences. The speed with which licences can be and are reviewed has also been greatly improved since that time. As we saw in August last year in the case of Egypt, within seven days of the agreement across all EU member states to suspend licences to Egypt, every licence had been dealt with. Quite a lot would have changed since this episode. I do not want to say that everything would now happen exactly as it did then. Procedures have improved. What we can do rapidly to suspend licences has moved on tremendously, even since 2012.

If you look back to whether it was correctly handled at the time, it was right that it would have official consideration, because these chemicals have legitimate commercial uses for making toothpaste, and window and shower frames. Each licence was assessed against the criteria, and there was no embargo on these chemicals at the time; the stated end use was credible and there was no evidence of any link to a chemical weapons programme. When we agreed new sanctions on Syria in June 2012, these licences were revoked and no chemicals were exported under them, which I think is of additional reassurance to people. Those things were all done, and they were done correctly, but would it all happen much faster under today's procedures? Yes, it would.

Q10 Chair: Before we leave dual-use chemicals, in one of the questions I put to the Business Secretary back in October to see whether we were learning any lessons from what had happened in relation to Syria, I asked him to set out the dual-use chemicals that had been approved by the British Government since 2003 both to known holders of chemical weapons and to known non-signatories and ratifiers of the chemical weapons convention. In annex 2 of his reply of 11 October, the Business Secretary gave a detailed list of those export licence approvals to countries other than Syria. They included Burma, North Korea, Egypt, Iraq, Israel, Libya, Russia and the USA. Have you and the Business Secretary combed through this list and other applications for such countries that are in front of you, and are you making any changes of policy in the light of those revelations, which many of us will find very disturbing?

Mr Hague: I will turn to the officials to add to my reply. In some of those countries the policy will have changed in any case since 2003, so there could be licences issued before such a policy change. In other cases, it is possible that such licences are for the sorts of things we have just been talking about on Syria. While they may be dual use, they may credibly be for the manufacture of toothpaste, so it is very important to bear those things in mind. They will all have been tested against the consolidated criteria. We would be very concerned to hear if any of them had not been. Perhaps the officials would like to add to those points.

Richard Tauwhare: Indeed they were. Anything that is controlled is checked against the consolidated criteria and if it is not in breach or crossing the threshold of any of the criteria—we have to consider whether, for example, it is covered by an embargo—there is no reason to refuse a licence. I admit that some of those countries are non-signatories to the chemical weapons convention, as indeed was the case with Syria, but that in itself is not sufficient reason to refuse a licence.

Q11 Chair: Why should we have been exporting sodium sulphide, which is a dual-use chemical, to a country like North Korea?

Richard Tauwhare: These things have legitimate commercial uses; they are dual-use chemicals. I do not know the specific example, but I have to assume it was the case that there was a legitimate and credible commercial end use, that it was checked against the risks of diversion to a chemical weapons programme, and it was considered in that case that there were not sufficient grounds to refuse it.

Q12 Chair: Don't Ministers take into account whether a particular country might be a holder of chemical weapons?

Mr Hague: We apply the consolidated criteria and we apply any sanctions regime that is in force. Sanctions usually cover a wide range of goods for any country with chemical weapons, so any licence that has been approved clearly did not fall within those sanctions.

Chair: We are now going to turn to the Government's policy on the export or not of arms to the Syrian opposition.

Q13 Mike Gapes: When the Government, with France, vetoed the continuation of the European Union's arms embargo on Syria in April last year, the reason given—you repeated it in the letter you sent to us—was that it would send a powerful political signal to the Assad regime. Given that the Assad regime continues to murder tens of thousands of people—there are 120,000 dead, Aleppo is being bombed and there is no sign that the Assad regime has in any way moderated its behaviour—how effective do you think that political signal has been?

Mr Hague: So far, none of the political signals from the rest of the world to the Assad regime has been successful in bringing an end to this horror. That does not mean that it is wrong to try them. We have passed presidential statements at the UN Security Council, because we have not been able to pass resolutions there. Many countries in the world have said many things about the Assad regime and its loss of legitimacy. We also took this action on the EU arms embargo. None of those things has yet succeeded in changing the behaviour of the Assad regime, but it does not mean that it is wrong to try them. As we come towards the Geneva peace talks in two weeks' time, which I will attend for this country, all the pressure that can be mustered on the Assad regime is necessary.

Q14 Mike Gapes: The decision was taken to lift the embargo to allow, potentially, the supply of lethal and non-lethal equipment to the Syrian opposition. What is the current position with regard to the supply of lethal and non-lethal equipment? As I understand it, because the Free Syrian Army's headquarters, or bases, were overrun, supply was suspended before Christmas. Can you clarify where we are on that? What kind of equipment is now in the hands of people we do not wish to hold it, and what guarantee do we have that, if there was a resumption of supply, the same thing will not happen and we might end up arming or supplying sophisticated equipment to al-Qaeda-linked groups?

Mr Hague: Under our current policy there is no question of arming. The first part of your question was about what lethal support we give. The answer is that we do not give any.

Mike Gapes: We don't but other countries do.

Mr Hague: I can answer here only for Her Majesty's Government.

Q15 Mike Gapes: Are there any other EU countries that are?

Mr Hague: I am not aware of other countries in the EU doing so. Certainly, the United Kingdom does not. In fact, it has not been our approach in any of the conflicts in the middle east, since the so-called Arab spring began in 2011, to send arms to any of the protagonists. Even in Libya, where our own armed forces were engaged, we did not do that, and we have not done that in Syria.

Q16 Mike Gapes: You are telling me that no lethal equipment of any kind has been supplied to any faction of the Syrian opposition?

Mr Hague: By the United Kingdom. Yes, that is right. That remains the policy. You quite rightly ask about non-lethal equipment and the position since what happened with the seizure of the Supreme Military Council's stores in early December. With them, we have given some non-lethal equipment; for instance, in August last year we gave them escape hoods, in order to escape chemical attack, detector paper for chemical attack and nerve agent pre-treatment tablets. Typically, we have given them equipment that might save lives—that they could use to save lives—but that is not lethal to anybody else. The latest equipment we were proposing to send to them included commercially available medical and communications equipment. Even that we have put on hold, given what happened at their stores and headquarters in December, and we are keeping that situation under very close review to see when and if we can resume such supplies.

Q17 Mike Gapes: If you were to resume, what certainty is there that it will not again fall into the hands of the bad people?

Mr Hague: I should have said in answer to the last question that we are not aware of any UK-supplied equipment having been seized by anybody else. The great majority of these stores are intact, and the great majority have also been checked. There is no report of any loss of any UK-supplied equipment, so that should be of some reassurance. Clearly, we would want to know how they were going to work together and how secure areas are. Additional assurance on this comes from the fact that we are not supplying any lethal equipment to them, so, even if it did fall into the wrong hands, it would not be something that could be used against other people.

Q18 Mike Gapes: Does that include vehicles?

Mr Hague: We have supplied a small number of vehicles—four-wheel drive vehicles—but they are not affected by the recent incident.

Q19 Mike Gapes: But vehicles could potentially be used to assist people who had got weapons from elsewhere moving around, and therefore would be a force multiplier for them in the conflict.

Mr Hague: There is no evidence that the vehicles we have supplied have fallen into anybody's hands other than the people we supplied them to, and at the moment we are not supplying more vehicles.

Q20 Mike Gapes: Your statement to us in February 2012 said that you would not export where it might provoke or prolong regional or internal conflicts. Is it not the case that, if we are supplying even non-lethal equipment in a military conflict to assist one side in that conflict, among the many sides in the Syrian conflict, we are going to help to prolong that conflict? Is there not some inconsistency between the stated position of the Government from 2012 and the decision with regard to arming elements within the Syrian opposition?

Mr Hague: No, for several reasons. Unless there is a moderate opposition able to function in Syria—one that is committed to a democratic non-sectarian future for Syria—the conflict there will be even longer than it might otherwise be. It will become even harder to bring about a political solution. If Syria faces a choice only between Assad and extremists, there will not be a political solution. By helping a moderate opposition, we are trying to keep alive the possibility of a political solution, and we are also only sending equipment that helps to save lives. We are not sending equipment that is being used to prolong a conflict; we are sending equipment that is being used, hopefully, to try to create the circumstances in which conflict can be brought to an end.

Q21 Mike Gapes: The Americans are reported to be rethinking their position. They are saying that their original position, which we supported, that Assad must go, has become impossible. Therefore, they are rethinking, with regard to the possibility of some deal at Geneva only being possible if the regime, in some part, remains. What is our position on that?

Mr Hague: There are several points in your question. We have all been clear that some part of the regime plays a part in a political solution in Syria. The Geneva communiqué on 30 June 2012, which we, the United States, Russia and others supported, speaks of forming a transitional government in Syria drawn from regime and opposition. That is a different matter from Assad having a role in the future of Syria, because that sentence goes on to say “a transitional government formed by mutual consent.” It is impossible to imagine President Assad presiding over the future of Syria by the consent of a wide range of parties, including the opposition. That has been our position, and it is the position of the United States. In the London 11 communiqué in October, Secretary Kerry and I put our names to the same communiqué on Syria not having a future with Assad there. We will be meeting again this weekend and we will adopt a new communiqué, but it will be fully consistent with the communiqué of October.

Q22 Derek Twigg: I noted with interest that in the House, when you spoke about this, and in your letter, you talked about non-lethal weapons, not equipment, but we have been talking

just about equipment. To carry on with what Mr Gapes has been asking, can we be clear about two things? In terms of the equipment that has been supplied, you have mentioned vehicles and communications equipment. Can you give an idea of exactly what that communication equipment is and what the vehicles are? Are they capable of mounting weapons? What do you think is the key indicator that weapons would not fall into the hands of the extremists at a future point?

Mr Hague: We are not planning to supply lethal equipment.

Q23 Derek Twigg: I am not talking about that. I am talking about your answer to Mr Gapes. There were two things: vehicles and communications equipment. You were very clear about that.

Mr Hague: The details we can give about those are set out in the minutes we send to parliamentary Committees in the House.

Derek Twigg: I am asking you today.

Mr Hague: Yes, but that is the information we are able to supply.

Q24 Derek Twigg: Can you just repeat it?

Mr Hague: For obvious reasons, we cannot go into the detail of communications equipment, because that would help the Assad regime to frustrate, intercept or otherwise deal with it.

Q25 Derek Twigg: It could fall into rebel hands as well.

Mr Hague: It is for the opposition, and it includes commercially available communications equipment and medical equipment. What we sent them in the last consignment were escape hoods, detector paper and nerve agent pre-treatment tablets. On other occasions in the past, we have sent water purification kits and other commercial communications equipment.

Q26 Derek Twigg: I understand the point about specific communications equipment. Can we come back to vehicles now, because you do not want to answer the issue?

Mr Hague: No, I am very happy to answer the issue. The vehicles have been set out in a minute to Parliament—a small number of bullet-proof four-by-four vehicles. I think there were five of those involved. That is what we have sent them. It is all non-lethal, and we have no evidence that it is being used for any purpose other than what it was given for.

Q27 Derek Twigg: You say you stopped providing equipment because you were unsure as to whether it would fall into the hands of Islamist extremists. What key evidence would need to be provided to you to restart the supply of this non-lethal equipment?

Mr Hague: To be clear, I was not saying we were unsure. Because the stores at Bab al-Hawa of the Supreme Military Council were seized by other groups, we put it on hold. We are not aware, including following checks on that equipment, of any UK-supplied equipment having been seized by any other group.

What are the sort of things we want to know in order to be able to resume supplies? Obviously, we and other countries who do this would have to have a high degree of confidence about the probability of such incidents being reduced, the stores being as secure as they possibly could be and continued assurances about the use of such equipment.

Q28 Derek Twigg: You do not have that yet?

Mr Hague: Given what happened in December, we need time to take stock and have the necessary confidence. We have not taken any decision yet, nor is any decision imminent, about resuming such supplies.

Chair: We are now going to turn to the extraordinary volume of automatic weapons, assault rifles and so on, which the Government have approved for export, ostensibly for anti-piracy purposes.

Q29 Ann McKechin: In the 15 months up to June 2013, licences were given for over 30,000 assault rifles, 4,200 combat shotguns, over 11,000 rifles, 1,200 sniper rifles and over 5,000 guns classified as sporting guns. When we raised this issue with the Secretary of State for BIS and his officials in December, it appeared that there was not one part of the process for examining licences where you actually look at the cumulative impact of the number of licences you are granting. Would that be correct?

Mr Hague: When you were asking him about this, I think he undertook to look into it, which is entirely reasonable. That is what we should do. The Committee raises a good point about this. However, we do have to bear certain things in mind. One is that the vast majority of the private maritime security companies operating in the Indian ocean are British, so probably a large proportion of the volume of such weapons is coming through our licensing system rather than that of another country. Secondly, a proportion of the weapons is in maintenance at any one time. Thirdly, the companies need a degree of operational flexibility; they will always have more such weapons than they are deploying. Furthermore, approximately 4,500 ships transit the high-risk area every month. Once you think about that figure—4,500 ships every month—it puts these figures into something of the right perspective, but that does not mean we should not have a look at this and satisfy ourselves and the Committee on the point you raise about the overall quantity.

Q30 Ann McKechin: I take it that there is an average number of weapons per vessel, and some will be on standby and some will be in operation, but it does seem astonishing, if I take the example of Mauritius, that in a period of just 15 months, we have exported over 5,000 assault rifles and 3,200 rifles. It does prompt the question of how many vessels have been passing by Mauritius in that 15-month period to justify that level of export. Are you satisfied, Secretary of State, that all the weapons are being used for their stated purpose—anti-piracy—and are not being diverted? Have you made any study of the problem of diversion, which clearly is present in that region? What controls exist for monitoring the weapons once they have been shipped?

Mr Hague: There are a lot of controls. These companies have to meet strict conditions. They have to keep detailed records. They have to provide training for staff, and they have to have clear lines of accountability. Their UK offices are subject to regular inspection. Those visits are by BIS. They must sign up to the international code of conduct for private security service providers.

You ask about Mauritius and the thousands of items involved. There are 4,500 ships per month transiting through that area, which is close by Mauritius. We do not have evidence of the diversion of any of these weapons. If we did, we would take it extremely seriously. It is important to point out that, so far, this policy has been a contributing factor to the huge reduction in pirate attacks in recent times. It is one of the factors. Not a single merchant ship carrying private armed security guards has been hijacked. This is part of a successful policy overall. We have to be very vigilant about it. You are quite right to ask these questions, but we are vigilant about it. It is a successful policy, so far, and we have not seen evidence of any diversion. It is an important issue. Do the officials want to add anything? Have I missed out anything?

Richard Tauwhare: No.

James Paver: No.

Q31 Ann McKechin: It does seem extraordinary that, given the sheer volume of guns, there has not been one case or suspicion of diversion over that period of time. I certainly accept, and I am sure the Committee accepts, the need for this type of equipment and the particular dangers in the region. You are right to comment on the success, but the Committee is still concerned—given the sheer volume of weapons over a relatively short period, and given that their age, in terms of how long they can be utilised, is quite substantial—about why we have not made more spot-check investigations, to ensure that we have the most rigorous possible types of criteria to prevent diversion.

Mr Hague: The checks that I mentioned take place regularly; they are taking place all the time. These questions are absolutely understandable. There are questions about it from NGOs who might be concerned. I notice that in their evidence to you Amnesty International said they had no specific evidence of large-scale diversions taking place, or weapons being secured in unsafe facilities. We do not have evidence of any diversions taking place. We expect these companies to uphold very high standards. We will continue the inspections and regular checks that I have spoken of, and the consequences for any company that did not do so would of course be very serious. They certainly would not be getting any more licences if they did not observe the necessary standards.

Q32 Mr Gray: I have a small question, and the detail may be for BIS rather than yourselves. What are 5,196 sporting guns used for?

Mr Hague: That definitely is one to turn to the officials to answer.

Richard Tauwhare: We would have to check that. This is probably one of the peculiarities of the rating system for export licences. Certain bits of equipment come under certain headings. I dare say that, although these particular cases may come under that heading, they are in fact useful for anti-piracy operations.

Q33 Mr Gray: It does seem an enormous number. There are 4,200 combat shotguns, but these are different from combat shotguns. These are something other than combat shotguns. Oughtn't you really to know what they are for? They must have a purpose; they cannot be for shooting snipe.

Mr Hague: Between the FCO and BIS, we will write to you with further details on this point—so far as we can.

Chair: Another important area is the Government's policy on the export of surveillance equipment and the human rights implications of that.

Q34 Bob Stewart: Some concern has been raised about countries with bad human rights records getting more surveillance equipment, because surveillance equipment can be used to intercept e-mails and the rest of it. Do you share the concerns that some people are raising, mainly NGOs of course?

Mr Hague: We agree that action is necessary to strengthen export controls in this area, over certain cyber security-related equipment and software. These products have legitimate uses in defending networks, and tracking and disrupting criminals. Many of the exports listed under cryptographic headings are also, for instance, equipment for mobile telephone networks that have a cryptographic aspect to them. Sometimes when you see that several billion pounds of cryptographic material has been exported, it is an item of that kind, but we have to recognise that such equipment can also be used to conduct espionage, to track and disrupt political opponents and to restrict freedom of expression. We need to move the policy on, on this subject. That is why the UK has been leading work in the Wassenaar arrangement, which resulted in agreement last month to adopt new controls on specific technologies of concern. These are going to be implemented through the EU's controls on dual-use items. We also made further proposals to the relevant countries as necessary. We are also helping industry to produce guidance on the potential risks posed by cyber-security exports. Our policy is moving forward on this as technology is changing, and we are also open to further suggestions and ideas about what we should do.

Q35 Bob Stewart: Thank you, Foreign Secretary. I think you have also answered my second question, which was fundamentally that in 2012 when the Government addressed this

Committee, they suggested that international action was required on surveillance equipment. You have just suggested that international action is pending, or has taken place. Do you have any other comment apart from that?

Mr Hague: It is under way and we are at the forefront of it. We are leading it. We are putting forward proposals. Officials in the FCO and BIS are doing a very good job on this. We are working with other member states, with the European Commission and the European Parliament to implement these changes, I hope, before the European Parliament elections in May. If that does not prove possible, we certainly want them adopted later this year. We are pushing for changes in this area, and successfully so.

Q36 Chair: Following the answer you have just given to Bob Stewart's last question, as you will be well aware, it was reported yesterday that the OECD has just launched a major investigation into exports from, I assume, the UK, by G4S of surveillance equipment to the Israeli security authorities for use in the Palestinian occupied territories. Can we be assured that the British Government will be co-operating fully in the OECD's investigation?

Mr Hague: We work closely with the OECD on all issues, so whatever the OECD want to ask about, we will of course assist them with; I do not think there will be any problem in doing that. It is important to bear in mind as a general comment—this may not be the point that the OECD are looking into—that there is a licence for cryptographic equipment to Israel which involves software for building public mobile phone networks in residential areas and for small businesses, so sometimes what is listed as cryptographic material is something of that nature.

Q37 Chair: I just make the point that the reports yesterday were very explicit that this was surveillance equipment being supplied to the Israeli security forces.

Mr Hague: We will have a look at that, and of course we will always work with the OECD on any issue.

Chair: We are now going to turn to the Government's new procedure for the suspension of export licences.

Q38 Sir Malcolm Bruce: I think it was generally welcomed that, in the light of the Arab spring, the Government reviewed the policy and said they would allow for the immediate suspension of licences where there was a sharp deterioration in security and stability, but it has since emerged that that policy applied only to new licences rather than to extant licences. Can you say whether or not it has been extended? We had a discussion with the Secretary of State for BIS, and I got the impression from what he said—indeed, I think he said it—that you recognised you had unexpired licences and there was not much point in letting them complete that if you were not issuing new licences. What you had to do was stop the flow of equipment because of the deteriorating situation. Could you tell us exactly what the situation is?

Mr Hague: The policy that he announced in February 2012 was to allow the Government quickly to suspend the processing of pending licence applications. However, that does not mean that we cannot change that policy if necessary, if the circumstances require it. In the case of Egypt, where we used a suspension on 21 August last year, we agreed among EU Foreign Ministers that all of us—all member states of the EU—would suspend export licences to Egypt. So we did that—including the extant licences. From memory, that involved 47 licences. We suspended them all while the situation became clearer. As the situation became clearer, we have subsequently revoked some licences and confirmed others; some remain suspended. In that case, we applied it to extant licences as well. We have the flexibility to do so, and I think we will learn from experience as we go along.

Q39 Sir Malcolm Bruce: You are saying basically that, in future, licence suspension will review all licences including extant ones. It is nonsense to suspend new licences if there is more equipment from previous licences still going into the particular country.

Mr Hague: It will depend on the situation, but in that case we did suspend all the extant ones. We were able to do so within a week, as I mentioned earlier in another context. Officials were able to go through all the licences within a week, much faster than the incidences we were talking about in Syria a couple of years ago. The systems are now in existence to do that. We will have to judge each case as it comes along. We have considered using suspension on several other occasions in response to changes in circumstances in the last year, but in most of those cases enough information has been available quickly enough for us to be able to determine whether licences needed revoking, or whether to continue with them, so we have not needed to use the suspension mechanism in other cases.

Q40 Sir Malcolm Bruce: That partly answers my second and final question. NGOs were concerned that you had set the bar too high. What you have said is that you will review the licensing situation when you see a crisis developing, but their concern was that, for example, in Mali it did not seem to be applied at all. I appreciate that Mali was not our top area of interest; it is much more a sphere for the French. Nevertheless, are you satisfied? What you have just said is that you have considered them, but are you satisfied that you are quick enough to respond? The world is changing very fast and moving very unpredictably. I think you will accept that the public and the media will inevitably come to your door if they feel that in a changing situation you have not acted quickly or comprehensively enough to prevent weapons or other unsuitable equipment from moving into a crisis situation. Do you accept the NGOs' concerns, or do you feel you can meet them?

Mr Hague: They are entirely understandable questions, and I am very conscious of our responsibility, which you point out. Since you raise Mali, I use that as an example of why we did not use the suspension mechanism in that particular case. We considered using it in January last year, but it was not necessary because, within a short time of the crisis beginning, we had enough information to make valid risk assessments against the consolidated criteria. In any event, in the case of Mali the only military list equipment licensed for export since January has been protective equipment and communications equipment for use by UN personnel. I do not think people would want us not to be able to supply such things to the UN.

Q41 Sir Malcolm Bruce: The net effect of the Mali conflict was that it displaced people with weapons to neighbouring states. Do you keep the situation under review and say, “We may have closed that avenue, but we may possibly have opened up another problem area”?

Mr Hague: That is a wider policy issue about what happens in the whole of the Sahel region. We are advocating, and pursuing with France and other EU member states, a comprehensive political and development approach to try to stop the problems of the Sahel spreading. That demands a broader policy response that goes far beyond export controls. We are very alert to emerging problems. We will not hesitate to use the suspension mechanism. Clearly, when it is necessary and it is used, it does give us the time to check the facts, so the announcement by the Business Secretary in 2012 is an important policy innovation, and I have no doubt, sadly, that it will be necessary to use it again.

Chair: We are now going to come to the Government’s export policy on arms to authoritarian regimes, on which the Committees have taken a somewhat different position from the Government, but on which we thought we had an encouraging response from the Business Secretary.

Q42 Ann Clwyd: Foreign Secretary, can you confirm that the FCO along with BIS have accepted the Committees’ recommendation, made twice, that the Government should adopt a more cautious approach to the issuing of licences to regimes with authoritarian records?

Mr Hague: We will apply the consolidated criteria, but we do so with the benefit of experience all the time. There has been quite a lot of experience in this subject over the last couple of years, given the number of suspensions and revocations we have had to make. We apply these things with that in mind, and we are very conscious of what the Committee has said about this. We are always cautious on this subject.

Q43 Ann Clwyd: Can you explain how this greater caution is manifested in your approach on licensing?

Mr Hague: As I think the Committee knows, we are very careful about all the licences. It is a rigorous process—a process that has been improved over recent years. It is informed by all FCO information—all our understanding of the world—about what may happen in a country; the risk of internal repression, and the risk of regional or internal conflict. We are able to weigh all those things heavily, so we use all the information available to us.

Q44 Ann Clwyd: In a country like the Maldives, where the political situation is very unsettled, what would be your approach to licensing?

Mr Hague: In the case of the Maldives, the only licences I can see listed are for use by private security companies in anti-piracy operations, so it overlaps with our earlier discussion. The Maldives is part of that area. Our assessment is that weapons are held in secure storage while in the Maldives, and that the companies concerned are signed up to the international code of conduct for private security service providers. Although the

Maldives is listed as the country on the licence, these are for private security companies for anti-piracy work; they are not for the Government of the Maldives to use.

Q45 Ann Clwyd: But they could fall into the hands of the Government of the Maldives.

Mr Hague: That goes back to our earlier discussion. First, many of these things will be held offshore. Secondly, if any of those companies allow weapons to fall into hands different from those they are licensed for, those companies are not getting any more licences.

Chair: I want to turn now to the key area of the Government's policy on arms exports to countries of human rights concern.

Q46 Mr Bailey: Minister, you will be aware that a previous report by the Committees raised this issue. There are 27 countries of human rights concern, plus a further five listed as causing concern. In your reply to the previous Committee report, the Government gave reassurance that in effect all these licences were compliant. Having looked at some examples—Iran: cryptographic equipment and components for military electronic equipment; Israel: components for electronic warfare equipment and surface-to-air and surface-to-surface missiles—it is breathtaking. Can you really say that the 3,461 extant licences as of May 2013 comply with the Government's policy not to issue licences where they judge there is a clear risk that the "proposed export might provoke or prolong regional or internal conflicts, or which may be used to facilitate internal repression"?

Mr Hague: All licences will have been assessed against those criteria. Yes, absolutely. As you know, we have the power to revoke licences if we think those criteria are no longer met, and we do sometimes revoke licences wherever there is any such evidence. The UK does not offer trade support for Iran, although we do not have a ban on trade with Iran, as the Committees know. The types of things that received licences were civil aviation, machine tools, lubricants and various cryptographic equipment as well. It is those sorts of things, and those are not covered. They would be items that are not covered by sanctions, and that meet the consolidated criteria.

Q47 Mr Bailey: But given the number of countries, the scale and the potential use of something, do you not think that perhaps it is an area that needs to be re-examined? With respect, Minister, your reply seems rather complacent.

Mr Hague: Don't take it as being complacent. We are never complacent about these things. Over the last few years, I have seen how rapidly issues can arise on export licences. That is why we introduced the suspension mechanism and that is why we revoke licences. There is absolutely nothing complacent about it. A huge amount of work goes on in testing licences against the consolidated criteria, with a tenfold increase in the last three years in the number of licences referred to Ministers for decision: 300 licences a year is about one a day—that Ministers consider ourselves—compared with 39 a year in 2010. I am not criticising my predecessors. The world has changed since then, particularly with events in the middle east. There is no complacency. We are very rigorous about it. We do not

hesitate to turn down licences, but we do so in a way that is consistent, that is justified under the law and under the criteria, that can be defended and that is not obstructing normal trade, which these licensing systems are not intended to do.

Q48 Mr Bailey: In response to the Committees' previous report, you said that basically you had daily monitoring, or facilities for daily monitoring. Do you actually carry that out now on the extant contracts with these countries?

Mr Hague: Officials can probably best describe the processes involved. With every licence we ask the relevant questions. Ministers are frequently asking questions about many of the countries concerned. Richard or James, do you want to add to this?

Richard Tauwhare: When we are considering the risks against the criteria, we go into a great deal of detail, particularly for those countries which are of human rights concern, not only those on the FCO's list but any country where we know there are human rights concerns. We go into a lot of detail. We ask the post. We look at NGO evidence as well. We routinely monitor what Amnesty, Human Rights Watch and others are saying, and we take all of that into account in the advice we give to Ministers. After the event, posts have a standing requirement to keep an eye on developments in human rights in their countries and to report back to us if there are any developments that might affect our licensing.

Q49 Chair: Foreign Secretary, you will be aware that the Committees, for the very first time, in our last report brought together the Foreign Office's designated 27 countries of top human rights concern worldwide, and we asked you to list all the extant arms export licences to those 27 countries. Did it come as any surprise to you that there were over 3,000 such licences and that their total value was over £12 billion?

Mr Hague: Not really, Mr Chairman, no. This is a large industry for this country and it is a legitimate trade. We do not have a trade ban with those countries of concern, so trade takes place between the UK and those countries. They involve some of the biggest economies in the world. As you know from the list of 27, they include the second biggest economy in the world: China.

Q50 Chair: But of top human rights concern to the British Government?

Mr Hague: All these countries are countries of concern. We have a no-holds-barred report on human rights. We publish that every year. We are working on this year's report, and we now do quarterly updates. Whatever the state of our relations with these countries, we do not hold back from speaking about our human rights concerns, but it is not the policy of this Government, or of previous British Governments, to prevent trade with countries that are of human rights concern. Specific sanctions may apply to some of them and we implement those sanctions, but that is different from obstructing all trade with them.

Chair: We turn now to another key area: the export of cryptographic equipment.

Q51 Ann Clwyd: Does it not seem extraordinary that we are selling cryptographic equipment to countries such as Iran, Libya, Russia and Zimbabwe?

Mr Hague: I made a couple of references to this in earlier answers, because it relates to other subjects we have discussed. The majority of such licences are for commercial equipment for commercial end use: building public mobile phone networks; internet infrastructure; or building virtual private networks for private companies. We would not grant a licence if there was a clear risk that the items might be used for internal repression. Additionally, as I was discussing with Mr Stewart, we are moving forward the whole international policy on this, so that the requirements are going to get tougher, but the great majority of these licences are for things of that kind.

Q52 Ann Clwyd: Can the Committees be expected to believe that none of the 194 extant cryptographic licences to China, valued at £571.8 million, might not have either a clear risk, or might be used to facilitate internal repression in that country?

Mr Hague: We go through each of these licences individually. Something that is to build a virtual private network for a private company is not something where there is a clear risk of it being used for internal repression in China. The majority of licences are for things of that kind, and of the kinds that I described a moment ago. I do not know whether the officials would like to offer additional reassurance on that.

Chair: It might be easier if you submitted a letter, if that is all right.

Mr Hague: Of course.

Q53 Chair: Ann Clwyd raised China. Surely, China is a country where you cannot make a distinction between the private sector and the public sector; they are effectively together, and that is why our eyebrows rise when the largest single number of cryptographic equipment licences in this group of countries is to China—nearly 200.

Mr Hague: China has become a more complex economy and society. That is one point. Secondly, given that it is now the second biggest economy in the world, it is not surprising that it shows up to a large extent in export figures. Thirdly, we are able to analyse to a good level of detail the uses to which particular technologies can be put, and we are very mindful of that in assessing each licence.

Chair: We will move on to the UK consolidated criteria and the EU common position.

Q54 Mark Hendrick: In the Government's response to the Committees' report last year, they stated that they intended to review the UK's consolidated criteria in order to bring them into line with the EU's common position. In your response to our last report, it was stated that the EU had completed its review process on the EU common position "provisionally." What was meant by "provisionally"? When will the final review be concluded?

Mr Hague: The External Action Service of the EU is managing the review of the common position, so the time scales are in their hands; the time scales are set in Brussels. The

review of the legal text is complete, and all the member states of the EU are satisfied that the current eight criteria have stood the test of time and do not need amendment at this stage. That was announced at the end of 2012. We are also all agreed that there are practical steps we need to take to improve co-ordination at EU level. We agreed to look at the EU users' guide to bring it up to date. It needs updating in the light of the recent adoption of the arms trade treaty. Those are the things that are now being worked on, and we will keep you up to date. We are working on bringing the criteria into line with the ATT and the EU common position. I will write to you shortly about the update of the criteria, and when and how we expect it to take place.

Q55 Mark Hendrick: Will you publish the outcome of the EU's provisional review? You mentioned briefly the review of the UK's consolidated criteria. Is there going to be a public consultation on that?

Mr Hague: There is a review with EU member states. On the UK consolidated criteria, the work going on is on the subjects I have just mentioned: bringing it into line with the arms trade treaty and updates to the EU common position. On publication, that is up to the EU to decide. I do not see any reason why it should not be published, and we would be in favour of doing so.

Q56 Mark Hendrick: And the public consultation on the UK's review of the consolidated criteria?

Mr Hague: I will write to the Committees about the update of the criteria, and we will take that request into account.

Q57 Chair: Do you agree that the EU common position is a floor, not a ceiling?

Mr Hague: Yes. It is not something we would want to be below, so it is a floor.

Chair: And you don't preclude being above.

Mr Hague: We don't preclude being above it.

Q58 Fabian Hamilton: We have been informed by the UK working group of NGOs that the revised users' guide, incorporating changes to criteria seven and eight, to do with the basis on which you can export arms and associated materials to countries throughout the world, has been issued, and that member states of the EU Council working group on conventional arms are expected to use that guidance on a trial basis. Are the British Government using this new guidance, and, if so, what impact has it had so far?

Mr Hague: In the case of the UK implementing changes to criterion eight, for instance, it does not make that much difference because we already have a sophisticated methodology for criterion eight, but we are already implementing at national level the changes on this. Richard might want to add a sentence.

Richard Tauwhare: The revised guidance was agreed on a provisional basis for criteria seven and eight. Now all the member states are giving it a trial run to see how it works, and we are doing the same. It is working well. We are also going on, in Brussels, to look at the user guide on the other criteria to see what might need updating with them.

Q59 Fabian Hamilton: The UK working group suggested to us that the British Government should persuade EU member states to publish the reviews of criteria seven and eight without further delay, and if they do not agree, we should publish it unilaterally. Would you try to persuade member states to publish the review, and, if not, will you publish it unilaterally?

Mr Hague: I am happy to look at that. I am always in favour of transparency. We are often ahead of the rest of the EU on that.

Richard Tauwhare: We are hoping that the review will be complete later this year. We will give it a trial run. We will complete the review of all the criteria, and, once it is agreed, there will be a new EU users' guide, and that will be published.

Mr Hague: We will favour transparency.

Chair: We come to the arms trade treaty.

Q60 Ann McKechin: Perhaps I could combine two questions in one given the time constraints. When will the Government implement the secondary legislation to be compliant with the arms trade treaty, and by what date do you expect the Government to ratify the treaty?

Mr Hague: On ratification, Parliament completed its procedures on 4 November. We cannot ratify until we receive agreement from the European Parliament, because the treaty covers matters of EU exclusive competence, in addition to matters of national competence, so we are not in independent control of that. With that in mind, we expect to ratify by the spring of this year.

On the subject of the secondary legislation, that is needed to ensure it is consistent with UK legislation. BIS are in the lead on this. The current plan is to roll the amendments together with other changes, such as the ones to the military list, and updates to the consolidated criteria, so that we can produce a single package, as it were, for businesses, and minimise the additional regulatory burden on businesses.

Q61 Chair: What is the Government's policy on developing a code of conduct on the indirect financing of cluster munitions?

Mr Hague: On cluster munitions, as you know and as your question implies, direct financing is clearly prohibited; indirect financing is not. We think that a voluntary approach is preferable to Government intervention, but we do not rule out, as I think I said last year, the Government's taking a more active role. I would like to see how things develop. I welcome the steps taken on a voluntary basis by a number of British financial institutions, but we will continue to monitor this closely. We will look at it again with the

financial sector, if necessary, to see when and whether there is scope and need for the Government to act.

Chair: Foreign Secretary, we seem to have managed to beat the Division. I am grateful to you, Mr Tauwhare and Mr Paver. Thank you very much indeed.