



House of Commons
Committees on Arms Export
Controls

**Developments in
UK Strategic Export
Controls**

First Joint Report of Session 2022–23

*Fourth Report of the Defence
Committee, Fourth Report of
the Foreign Affairs Committee,
Fourth Report of the International
Development Committee and Fifth
Report of the International Trade
Committee*

*Report, together with formal minutes relating
to the report*

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Committees on Arms Export Controls

The Committees on Arms Export Controls (CAEC) are the Defence, Foreign Affairs, International Development and International Trade Committees meeting together for the purpose of examining and reporting on the Government's regular reports on strategic export controls and related matters.

Current membership

Any Member of the four Committees can attend CAEC meetings, but each Committee has nominated Members to routinely attend. These are:

[Mark Garnier MP](#) (*Conservative, Wyre*) (Chair)

[Rt Hon Liam Bryne MP](#) (*Labour, Birmingham, Hodge Hill*)

[Sarah Champion MP](#) (*Labour, Rotherham*)

[Neil Coyle MP](#) (*Independent, Bermondsey and Old Southwark*)

[Dave Doogan MP](#) (*Scottish National Party, Angus*)

[Rt Hon Tobias Ellwood MP](#) (*Conservative, Bournemouth East*)

[Chris Law MP](#) (*Scottish National Party, Dundee West*)

[Mrs Emma Lewell-Buck MP](#) (*Labour, South Shields*)

[Mark Menzies MP](#) (*Conservative, Fylde*)

[Navendu Mishra MP](#) (*Labour, Stockport*)

[Kate Osamor MP](#) (*Labour, Edmonton*)

[Lloyd Russell-Moyle MP](#) (*Labour Co-op, Brighton, Kemptown*)

The following members were also nominated members during this inquiry: [Stuart Anderson MP](#) (*Conservative, Wolverhampton South West*), [Theo Clarke MP](#) (*Conservative, Stafford*), [Martin Docherty-Hughes](#) (*Scottish National Party, West Dunbartonshire*) [Tom Tugendhat MP](#) (*Conservative, Tonbridge and Malling*), and [Claudia Webbe](#) (*Independent, Leicester East*)

Powers

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Summary

The export of military and dual-use items inevitably raises major questions of ethics, national security, and international law and often causes controversy. It is not just the items being exported or their destination that can cause concern, but also the criteria for permitting such exports, the policing of such activities and the quality and transparency of the data available on these exports.

Despite major developments being made during our inquiry on export controls, we have seen a continued reluctance from Government in engaging with Parliament, stakeholders, and the public on these changes. The new UK Strategic Export Licensing Criteria were implemented without consultation or warning and came into immediate effect; there was no consultation on the Export Control Joint Unit (ECJU) transformation programme; and disappointingly neither the Foreign Secretary nor the International Trade Secretary were available to provide oral evidence to this inquiry. This all risks giving the impression that the Government do not attach the appropriate importance to stakeholder concerns or to Parliamentary scrutiny of strategic export controls.

Successive Governments have pledged to improve the transparency and level of information available on arms exports, but progress has been limited and the associated new IT system has been continuously delayed. There is also a worrying lack of openness and data on compliance with, and enforcement of, export controls, making it difficult to ascertain whether non-compliance and law-breaking is confined to a few companies or is more widespread. Providing more data on items exported, the destinations of arms exports and the numbers of convictions and penalties, would help enable more effective scrutiny and increase public confidence in export controls.

The ECJU plays a vital role in assessing licence applications and ensuring that businesses are compliant with the terms of granted licences, however the unit appears inadequately resourced. Delays in processing licence applications have resulted in firms losing orders and suffering reputational damage, undermining their export potential. In contrast to the ECJU, HMRC is increasing the resources in its teams who play a key role in the enforcement of export controls. It will be important to assess the impact of these increased resources.

It is important that arms export controls have the capacity to adapt rapidly to changing global circumstances, such as those in Afghanistan in 2021. A failure to respond quickly and effectively can result in UK military items falling into the hands of adversaries. The quickening pace of technology advancements and the expected changes in the character of conflict are also presenting challenges. There needs to be swift and holistic action in light of these changes if the current international export control regimes are to remain fit-for-purpose.

1 Introduction

UK Defence and Security Exports

1. The export of, and trade in, defence and security goods raises major questions of ethics, national security, and international law. The potential consequences of such items falling into the wrong hands are extremely serious, including the proliferation of weapons of mass destruction, the instigation or exacerbation of conflicts, and violations of human rights and international humanitarian law. The Government consequently needs to exercise significant control over military and dual-use items. This control takes the form of a significant and substantial body of licensing regulations, backed up by powers in relation to compliance and enforcement.

2. Arms exports are commonly referred to as “strategic exports”, a term which encompasses exports of both military goods and “dual use” goods.¹ The Export Control Act 2002 and the Export Control Order 2008 provide the legal framework for the United Kingdom’s export controls.² Under this legislative framework, the Government controls the export of a range of military and “dual-use” items. A body of retained EU legislation³ and current EU legislation is also relevant.⁴ At the end of the Transition Period for the UK’s withdrawal from the EU, some parts of EU legislation became retained legislation under the European Union (Withdrawal) Act 2018 and are applicable to exports from Great Britain.⁵ Under the terms of the Northern Ireland Protocol, EU legislation continued to apply to the movement of controlled goods in Northern Ireland.

3. The arms exports control system draws upon two central elements. The first element is the UK Strategic Export Control Lists (known as the consolidated list).⁶ This is the list of ‘controlled’ items which require a licence before export. The second element is the ‘Strategic Export Licensing Criteria’.⁷ This sets out the eight criteria against which licence applications are judged. The criteria require the Government to, among other things, respect international obligations and commitments and consider whether exported equipment could be diverted to an undesirable end user.

1 Dual-use items are goods, software, technology, documents and diagrams which can be used for both civil and military applications. They can range from raw materials to components and complete systems, such as aluminium alloys, bearings, or lasers. They could also be items used in the production or development of military goods, such as machine tools, chemical manufacturing equipment and computers (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p3, footnote 1).

2 [Export Control Act 2002](#) and Export Control Order 2008 ([SI2008/3231](#))

3 The Export Control (Amendment) (EU Exit) Regulations 2020 ([SI2020/1502](#)), [Council Regulation \(EC\) No 428/2009](#) setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items which is the retained EU Regulation that still applies, and The Trade etc. in Dual-Use Items and Firearms etc. (Amendment) (EU Exit) Regulations 2019 ([SI2019/771](#)), which prepared that Regulation for the post-Brexit context in GB, and any other amendments made to retained EU law in this area pursuant to the European Union (Withdrawal) Act 2018

4 [Regulation \(EU\) 2021/821 of the European Parliament and of the Council of 20 May 2021](#) setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items. This superseded [Council Regulation \(EC\) No 428/2009](#) in Northern Ireland under the terms of the [Northern Ireland Protocol](#).

5 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 3 and pp 27–29

6 Department for International Trade, [Consolidated list of strategic military and dual-use items that require export authorisation](#), June 2021 (updated February 2022)

7 HC Deb, 8 December 2021, [cols 11–16WS](#) (the Written Ministerial Statement included the full text of the new criteria)

4. According to the Government, the UK remains the second largest global defence exporter after the USA on a rolling 10-year basis.⁸ In 2020, the UK won defence orders worth £7.9 billion. Between 2011 and 2020, the majority of UK defence exports (60%) went to the Middle East, followed by North America (17%) and Europe (15%).⁹ ADS Group, which represents the UK's Aerospace, Defence, Security and Space sectors, emphasised the importance of the UK's defence and security industry:

The UK is a world leader in the supply of aerospace, defence, security and space products and services. From technology and exports, to apprenticeships and investment, our sectors are vital to the UK's growth, with companies in 2019 generating £79 billion turnover in the UK, including £46 billion in exports, and supporting over one million jobs.¹⁰

5. The Secretary of State for International Trade is responsible for arms export controls. UK Defence and Security Exports (UKDSE) sits within the Department for International Trade (DIT) to assist UK exports within the defence and security industries.¹¹ It works closely with the Export Control Joint Unit (ECJU), also located within DIT, which brings together expertise from the DIT, the Foreign, Commonwealth and Development Office (FCDO) and the Ministry of Defence (MoD) to decide on the granting or refusal of export licences. The FCDO and MoD are the principal advisory departments providing DIT with advice and analysis on foreign policy, defence and development matters relevant to licensing. They do this by assessing all applications on a case-by-case basis against the Strategic Export Licensing Criteria. HM Customs and Revenue (HMRC), while not providing advice on applications, has responsibility for the enforcement of export and trade controls, as well as sanctions and embargoes.

Background to the Committees on Arms Export Controls

6. Since 1999, four committees have worked together to scrutinise the Government's policies and processes relating to controls on the export¹² of strategic (military and dual-use)¹³ items.¹⁴ The committees, when working together for this purpose, have since 2008 been collectively known as the Committees on Arms Export Controls (CAEC).

7. CAEC currently consists of the following four Committees: Defence, Foreign Affairs, International Development and International Trade. These committees scrutinise the three

8 UK Defence and Security Exports, [UK defence and security export statistics 2020](#), Summary, October 2021, accessed 11 October 2022

9 UK Defence and Security Exports, [UK defence and security export statistics 2020](#), Summary, October 2021, accessed 11 October 2022

10 Committees on Arms Export Controls, Arms Export Controls: Initial Review, written evidence from ADS ([CIR0002](#)), para 1.1, HC (2019–21) 965

11 UK Defence and Security Exports, '[About us](#)', accessed 11 October 2022

12 The term "export" in this context includes not only straightforward exporting from the UK but also the transfer, trade / trafficking / brokering (acquisition, disposal or movement of goods, or facilitation of such) and transit/transshipment.

13 Dual-use items are goods, software, technology, documents and diagrams which can be used for both civil and military applications. They can range from raw materials to components and complete systems, such as aluminium alloys, bearings, or lasers. They could also be items used in the production or development of military goods, such as machine tools, chemical manufacturing equipment and computers (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p3, footnote 1).

14 The term "items" in this context refers to goods (finished goods, systems, raw materials and components), software, technology and information / data.

departments which are mainly involved in the export licensing process for controlled / strategic items. All members of these four committees are entitled to attend and participate in CAEC meetings. In practice, however, each of the constituent Committees usually nominates a subset of their membership to attend CAEC meetings on their behalf.

8. Since 1997, successive Governments have published United Kingdom Strategic Export Controls Annual Reports;¹⁵ and since 2004 these have been supplemented by the quarterly publication of statistical data with an accompanying commentary. These publications have formed the focus of CAEC's work (and its predecessor the Quadripartite Committee), often being the subject of corresponding annual scrutiny reports. However, this does not restrict or preclude examination of other matters of interest and concern.

Our inquiry

9. Following the 2019 General Election, the four constituent members of CAEC agreed to its re-establishment and we held our first meeting on 6 July 2020. We initially held four scoping evidence sessions with officials at the Department for International Trade, NGOs, industry and academics. We are very grateful to all our witnesses at these sessions for their engagement with us.

10. In February 2021 we launched an inquiry into UK Arms Exports in 2019,¹⁶ with a focus on enforcement and compliance matters. We held four evidence sessions prior to the publication of the 2020 Annual Report on 21 July 2021,¹⁷ and one subsequently, hearing from 11 witnesses. Following publication of the 2020 Annual Report, we issued a further call for evidence (as part of this inquiry) seeking comments on the new Annual Report. In total, we received 16 pieces of written evidence. We would like to thank all those who provided us with evidence.

11. During the course of our inquiry there have been major developments and challenges in strategic export controls, including the covid pandemic, the UK's withdrawal from the European Union, the launch of the UK's new Strategic Export Licensing Criteria and the merger of DFID and FCO. We examine these developments later in our report. Following the conclusion of our oral evidence sessions, the 2021 Annual Report was published, and we have used data from that report to ensure currency of information.¹⁸ Our inquiry therefore spans three annual reports and covers a range of issues that have developed since our predecessor's last report.

15 Department for International Trade, [United Kingdom Strategic Export Controls Annual Report Collection](#), accessed 11 October 2022; Annual Reports prior to 2004 are available on the [Stockholm International Peace Research Institute website](#), accessed 11 October 2022

16 The United Kingdom Strategic Export Controls Annual Report 2019, HC (2019–21) [1003](#) was published by the Department for International Trade on 30 November 2020.

17 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2020, HC (2021–22) [503](#), July 2021

18 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022

2 Government Co-operation

12. During our inquiry, we have been concerned by the lack of proactive engagement from Government departments. On 16 August 2021, we wrote to the Secretary of State for Foreign, Commonwealth and Development Affairs and the Secretary of State for International Trade to formally invite them to provide evidence to our inquiry. This was in keeping with our predecessor committee's recommendation that:

The Foreign Secretary and the Secretary of State for International Trade should make every effort to attend to give oral evidence to us on an annual basis, given the importance of this policy area.¹⁹

13. Unfortunately, we were unable to secure their attendance and were instead offered junior ministers from DIT and FCDO. We have also been frustrated by the length of time it has taken the departments to respond with potential meeting dates, the suitability of the dates offered, especially given the practicalities of securing the attendance of a quorum from four separate committees, attempts to limit this important session to one hour and cancellations on multiple occasions. Unfortunately, the House's high quorum requirements for CAEC also meant we had to postpone the ministerial session twice. Additionally, in 2021 we requested a visit to the ECJU offices in Whitehall so that we could meet staff and gain a greater understanding of the Unit's work. However, this visit has yet to take place as DIT have been slow to offer dates and have twice cancelled planned visits.

14. The Departments have also failed to adequately inform the Committees of major policy developments and initiatives. For many years the Government has not submitted written evidence specifically addressing the terms of reference of CAEC inquiries, instead sending a one-page letter welcoming the inquiry, highlighting a few policy developments and offering their assistance to our work.²⁰ The Committees were not notified of the launch of the ECJU Transformation Programme, and before the introduction of the new Strategic Licencing Criteria were given no prior indication that changes to the Criteria were being considered (we consider these developments later in our report).

15. We are disappointed at the continued reluctance of the Government to offer the Foreign and International Trade Secretaries of State to provide us with oral evidence. This risks giving the impression that the Government do not attach the appropriate importance to parliamentary scrutiny of strategic export controls. While we appreciate that other ministers from the relevant departments have agreed to give evidence, we expect the Government to be more accommodating in offering suitable dates for ministerial sessions. The offer of a one-hour session is unacceptable, given the breadth and importance of the issues covered by the Committees.

16. We acknowledge that the Annual Report contains a substantial amount of information that is helpful for our inquiries and that strategic export controls cover a wide range of areas so it is not always clear which specific topics will arise as our inquiry proceeds. However, it is regrettable that the Government have in recent years only seen fit to submit a one-page letter welcoming our inquiries and giving a very brief general overview of its performance and policy developments during the year. We

19 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, para 8

20 HM Government ([UKA0004](#))

would, at the very least, expect the Government to submit written evidence addressing the inquiry's terms of reference. This would potentially save a lot of subsequent enquiries to the Government as our inquiry proceeds. We also expect the Government to be more proactive in notifying us of proposed policy developments.

3 Strategic Export Controls Annual Reports

Strategic Export Controls Annual Reports and Export Licence Statistics

17. Under section 10 of the Export Control Act 2002, the Government is mandated to lay an Annual Report on Strategic Export Controls before Parliament.²¹ Each Annual Report sets out: export licensing processes, statistics, policy developments, outreach activity, international policy and information on compliance and enforcement and case studies. Since 2004 the Government has also published details of the arms export licences that have been granted, refused or appealed on a quarterly basis in what are known as “pivot reports”.²² Each Quarterly Report provides tables presenting data on licensing decisions and processing times; a summary of key data trends; and a country-level data report for each country. This data is also published on an annual basis.²³ Since April 2009 the Government has also made publicly available large quantities of detailed raw data on licensing applications. This is published online in the form of the Strategic Export Controls Database, its purpose is explained as follows:

The Government recognises that published reports do not always meet the needs of the reader. This website has been developed to allow users to create reports based on their own criteria, e.g., specific types of exports to certain destinations, over any period of time.²⁴

Transparency of the Annual Report and licensing data

18. Witnesses told us the UK provides considerably more data on its arms exports than many other countries.²⁵ Dr Sibylle Bauer, Director of Studies, Armament and Disarmament, Stockholm International Peace Research Institute (SIPRI), told us that the UK had, in some areas, led the way on transparency:

[...] The first is the searchable database and the quarterly reports ... as well as the data on enforcement and the case studies. Very few countries provide that kind of information. I also welcome the fact that more information has been made available on open licences, even though there is still scope for improvement.²⁶

19. However, our predecessor’s report expressed concerns that whilst there was a large amount of information and data available, that this data was presented in formats that

21 Export Control Act 2002, [Section 10](#)

22 Department for International Trade, [Strategic Export Controls: Licensing Statistics Quarterly Reports](#), accessed 11 October 2022

23 Department for International Trade, Strategic Export Controls: [Strategic Export Controls: Licensing Data Annual Reports Collection](#), accessed 11 October 2022

24 Department for International Trade, [Strategic Export Controls: Reports and Statistics website](#), accessed 11 October 2022

25 Q4; HM Government also told us in written evidence: “It remains the case that no other country publishes as much data as the United Kingdom about licensing decisions” (HM Government ([UKA0019](#)))

26 Q4

were very difficult to navigate, interrogate and interpret.²⁷ They noted that it was left to others to present it in a user-friendly format and called for the Government to make data clearer and more easily digestible.²⁸ In response the Government pledged to consider ways to better present the information and pointed towards the introduction of their new IT system, Licensing for International Trade and Enterprise (LITE), that might enable further data to be made publicly available.²⁹

20. Despite the Government's commitments, concerns continue about the content and transparency of the annual report and licensing data. Professor Anna Stavrianakis, Professor of International Relations at the University of Sussex, wanted to see greater transparency in the provision of statistical information on open individual export licences [OIEL]³⁰. She called for information to be published on the financial value, end user and the type of equipment transferred, rather than just the number of transactions undertaken under such licences, as was currently available.³¹ She also wished to see more detailed and meaningful explanations of how policy decisions were arrived at, especially where they had been controversial.³²

21. Dr Bauer agreed that a major weakness of the annual report is that the UK only provides data on the export licences issued by the ECJU, rather than providing information on the content and quantities of actual exports.³³ Dr Bauer told us that this data on actual exports was already readily available as the UK was required to provide it to the UN under the UN Register of Conventional Arms for eight categories of conventional weapon.³⁴ Dr Bauer also noted that major exporters such as Sweden and Spain already published this data.³⁵

22. When we wrote to the DIT about improving the information available on open licences, the Government disappointingly reiterated their response to our predecessor's report, stating that:

OIEL applications do not include values because, by their very design, OIELs are generally not restricted by quantity. Therefore, we do not have that data to publish in the way we have for Standard Individual Export Licence (SIELs).

Our new digital licensing system—LITE [Licensing for International Trade and Enterprise]—is being developed to interface with HMRC's new Customs

27 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, para 128

28 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, para 128

29 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, [Qq226–227](#) and also Committees on Arms Export Controls, First Joint Special Report of Session 2017–19, UK Arms Exports during 2016: [Government Response to the Committees' First Joint Report](#), HC 1789 (responses to paras 128–129)

30 OIELs are licences granted to cover multiple shipments of specified items to specified destinations and/or, in some cases, specified consignees. An OIEL is a tailored and flexible licence, which does not specify a limit on the quantity of an item that can be exported and is generally valid for five years (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 9).

31 Professor Anna Stavrianakis ([UKA0002](#))

32 Professor Anna Stavrianakis ([UKA0002](#))

33 Q4

34 Q4

35 Q4

Declaration System to enable greater and more reliable information exchange. This may mean more data about licence usage could be available in the future.³⁶

New LITE system

23. Applications for export, trade ('brokering'), or transshipment licences for controlled goods are submitted through the digital SPIRE licensing system and also as part of the phased introduction from May 2021 of LITE, the new online export licensing system which will replace SPIRE.³⁷ LITE is intended to improve the quality of data available and "provide a modern online service that streamlines the application process, automates where possible and supports decision making through the effective use of data".³⁸ It is also planned "to have better inter-operability with other government systems such as HMRC's CDS [Customs Declaration System] system".³⁹

24. The transition to LITE has been long delayed with the original operational date being due in 2019.⁴⁰ Our predecessor raised concerns about these delays in correspondence with DIT in early 2019.⁴¹ The roll out of LITE has now begun in a Private Beta version and the Government hopes to onboard users over the course of this year and into 2023. Once assured the service meets full capability requirements, the ECJU plan to release a Public Beta version to the exporter community.⁴²

25. **Whilst we welcome the information contained in the Strategic Export Controls Annual Report, stakeholders argue it is too descriptive of events and does not drill down sufficiently to provide qualitative or quantitative analysis of the data. We share stakeholders' concerns about the transparency of information available on Open Licences, especially as the Government has previously promised to review what further data it can make publicly available. Industry is already required to record this information, so we are unclear as to why the Government has yet to improve the quality of information available.**

26. *We recommend that the Government improve the data that is available on Open Licences. The Government should publish data in the quarterly "pivot reports" on the precise equipment and quantities exported, the companies exporting the equipment and its intended destination, and each Strategic Export Controls Annual Report should include an analysis of this data. The ability to provide this data should be an integral part of the new LITE IT system.*

27. **We share our predecessor committees' concerns over the continued delays in delivering the new LITE IT system. The rollout of the new LITE IT system must be**

36 Department for International Trade ([UKA0018](#))

37 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p8, p15 and p32

38 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p32

39 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 32

40 Correspondence with Department for International Trade, [30 January 2019](#) and [11 February 2019](#)

41 Correspondence with Department for International Trade, [30 January 2019](#) and [11 February 2019](#)

42 Export Controls Joint Unit, [Notice to Exporters 2021/08: LITE](#), 2 August 2021, accessed 11 October 2022

progressed urgently. In response to our report the Government should set out a specific timeline for each stage of the transition and the intended date for LITE to be fully operational. The Government should provide us with six-monthly updates on progress.

28. **A new IT system should not reduce the amount of publicly available information. We seek assurances that the LITE system will enable greater transparency on Open Licences and include a public searchable database as exists under the current SPIRE system. To increase transparency on exports, the Government should enhance the search facilities of its public facing database.**

ECJU Service and Resources

29. The ECJU sets out its commitments to exporters in a Service and Performance Code.⁴³ The performance targets are to decide on 70% of applications for Standard Individual Export Licence applications (SIELs) within 20 working days, and 99% within 60 working days.⁴⁴ In 2021, they processed 16,400 SIEL applications, completing 69% (compared with 62% in 2020) within 20 working days.⁴⁵ In the 2021 Annual Report, the ECJU gave the following analysis of its performance:

Whilst performance has improved since 2020, COVID-19 restrictions and resource constraints towards the end of 2021, made meeting our primary targets more challenging.⁴⁶

30. Although the ECJU is close to meeting its internal performance targets, many stakeholders expressed concerns about the ECJU's performance and the length of time that they take to process licencing applications.⁴⁷ For example, the Engineering and Machinery Alliance said:

EAMA exporters have experienced long delays in the Export Control Joint Unit's (ECJU) processing of export licence applications for military, dual use or other sensitive goods and technology exports. They attribute the delays, at least in part, to the ECJU taking insufficient account of the fact that, for the first time, exports to the EU came within scope. There appears to be an acute shortage of experienced staff to review applications, particularly within the Ministry of Defence. The ECJU's target for granting or rejecting licence applications is two weeks, but firms report waiting for up to six months. Firms have lost not only specific orders but also suffered reputational damage, undermining their export potential.⁴⁸

43 [ECJU Service and Performance Code](#), 18 November 2020, accessed 11 October 2022

44 [ECJU Service and Performance Code](#), 18 November 2020, accessed 11 October 2022; and Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 17

45 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 1 and pp 17–18

46 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 18

47 Qq72–73

48 Written evidence from the Engineering and Machinery Alliance ([UTR0012](#)) to the International Trade Committee, Defence Sector Exports, HC 740, para 20

31. These concerns were echoed by Andrew Kinniburgh, Director General of Make UK Defence, who reported a significant downturn in ECJU performance in the past 18 to 24 months.⁴⁹ Make UK Defence had serious concerns on behalf of their members regarding their ability to position themselves competitively in the international export market.⁵⁰

32. Many witnesses thought that the ECJU's performance issues were caused by insufficient resourcing.⁵¹ Nick Radiven from the Prospect union told us that in the Technical Assessment Unit⁵² three out of thirteen posts were currently vacant, with two further members of staff in training.⁵³ Prospect also expressed concern about the ECJU's high rate of staff turnover, noting that "it takes a significant time for new [ECJU] recruits to understand their roles and responsibility before they are able to operate without routine supervision".⁵⁴ Witnesses also noted that these problems were replicated within HMRC's enforcement and compliance teams.⁵⁵

33. On 31 May 2022, the Department of International Trade (DIT) told us that 21 out of 65 posts in the ECJU were currently vacant, including 6 out of 15 posts in the licencing unit.⁵⁶ In July 2022 DIT told us that the ECJU was taking action to fill these vacant posts:

[The] ECJU continues to have several live recruitment campaigns running, which will address some of the identified recruitment and resource challenges previously outlined in data shared with the Committee. We remain committed to reviewing our resourcing levels in the future, especially in the light of recent geopolitical challenges and the ongoing developments in the complexity of emerging technologies and their potential for dual use.⁵⁷

ECJU Transformation Programme

34. On 23 March 2021, the Ministry of Defence (MoD) published the Defence and Security Industrial Strategy (DSIS). As part of the DSIS the Government announced a ECJU Transformation Programme aimed to "improve transparency and customer experience for exporters and to identify specific bottlenecks where a lack of resource or expertise causes delays".⁵⁸ The programme is expected to be completed by the end of the 2022/23 financial year and cost around £3m.⁵⁹ However no terms of reference for the programme have been published and the Government did not provide them to us when we requested them.⁶⁰

49 Q72

50 Q72

51 For example, see Andrew Kinniburgh, Make UK Defence, Q87, Q99 and Q105; and Committees on Arms Export Controls, Oral evidence taken on 2 February 2021, Arms Export Controls: Initial Review, HC (2019–21) 965, [Q188](#)

52 Applications for the different individual licences are broadly processed in a similar way. The application arrives with the licensing reception team. It then passes through several other teams. Each team has a specific audit or checking function. For example, the Technical Assessment Unit (TAU) reviews the goods by assessing the technical aspects and assigning control entries. This helps inform the outcome of the licensing request (such as issue or refuse). (ECJU: [Guidance: Export licensing statistics: quality and methodology information](#), October 2022, accessed 11 October 2022)

53 Q85

54 Prospect ([UKA0013](#))

55 Committees on Arms Export Controls, Oral evidence taken on 2 February 2021, Arms Export Controls: Initial Review, HC (2019–21) 965, [Q190](#); and Q6

56 Department for International Trade ([UK0018](#)) [Annex A](#).

57 HM Government ([UKA0019](#))

58 Ministry of Defence, [Defence and Security Industrial Strategy](#), March 2021, p76

59 Correspondence with the then Secretary of State for International Trade, [July 2021](#)

60 Correspondence with the then Secretary of State for International Trade, [July 2021](#)

35. Our witnesses had concerns about the aims of the Programme and the way that it was being delivered.⁶¹ Andrew Kinniburgh, Director General of Make UK Defence, highlighted the need for the programme to deliver a formal mechanism for industry to engage with the ECJU.⁶² He told us that this would help businesses both understand the current geopolitics impacting whether an export licence was likely to be granted and track the progress of an application once it was in the system.⁶³ Nick Radiven from Prospect confirmed that they had been consulted on the Transformation Programme⁶⁴ but expressed concerns that it was being delivered in a “top-down” manner:

... I am not sure that some of the people who have been brought in to do this have actually got any first-hand knowledge of the export licence or that technical knowledge.⁶⁵

36. The Minister told us that the Department had not conducted a formal consultation process as this was not “deemed appropriate”.⁶⁶ Instead the ECJU undertook a customer survey of 270 exporters in March 2022, “with the aim of gathering feedback on how ECJU is perceived as a regulator and what, if any, improvements to the customer experience could be considered”.⁶⁷ The suggestions put forward by respondents related to an easier to use digital system, more and better communications and more efficient and transparent processes.⁶⁸

37. We appreciate the hard and diligent work of ECJU staff during the Covid pandemic. We recognise that this has been a busy time for the ECJU, with COVID related delays causing additional difficulties.

38. We welcome the decision to launch the ECJU Transformation Programme and the opportunity it provides to improve and reform the work of the ECJU and its relationships with stakeholders. However, given the duty of DIT to inform us of relevant developments, it is disappointing that the Department did not do so on this occasion. Instead, we learned of its existence from the MoD’s Defence and Security Industrial Strategy. We expect the Government to be more proactive in informing us of future policy developments.

39. It is also disappointing that the Government has not published terms of reference outlining the aims and remit of the ECJU Transformation Programme. *The Government should publish the terms of reference for the ECJU Transformation Programme, and provide us with six-monthly updates on the Programme, including progress on its intended outcomes.*

40. We welcome the consultation that has taken place with the unions. This must continue and the Government must ensure that they draw on the expertise of ECJU staff at all levels. We also welcome the customer survey of exporters. However, this engagement should go further. *We recommend that the Government hold a public consultation with stakeholders as part of the Programme. It is important that their views*

61 Q77 and Q88

62 Q83

63 Q83

64 Q88

65 Q88

66 Department for International Trade ([UKA0018](#))

67 Department for International Trade ([UKA0018](#))

68 Department for International Trade ([UKA0018](#))

inform the Programme. The ECJU should look to continue engagement with industry beyond the Programme by establishing a formal mechanism for industry to interact with the ECJU to improve information sharing and to discuss concerns in the licensing process.

41. We are concerned by evidence regarding insufficient resources within the ECJU, particularly technical and specialist roles and Compliance Officers. *The ECJU Transformation Programme should include a review of ECJU resources. Future editions of the Annual Report should include data on ECJU resources including staff levels by grade, post and parent department.*

42. *It is important that an independent assessment takes place of whether the Transformation Programme achieves its intended outcomes. Therefore, we recommend that two years after completion of the Programme the NAO undertake a review of the structure, performance and value for money of the ECJU to ensure it is fit-for-purpose.*

4 New Strategic Export Licensing Criteria

43. The ‘Strategic Export Licensing Criteria’ sets out the criteria against which licence applications are judged. Applications can be refused if they fail in respect of one or more of the criteria. The criteria require that the Government, among other things, respect international obligations and consider the risk of exported equipment being diverted to an undesirable end user. Between 2014 and 2021, the UK used the ‘Consolidated EU and National Arms Export Licensing Criteria’.⁶⁹ The UK’s exit from the EU meant the UK no longer needed to apply criteria collectively agreed at EU-level. In 2018 a collection of NGOs and research institutes, including Amnesty UK, Oxfam, and Saferworld, warned our predecessor Committees of the potential for UK and EU export criteria to “drift apart over time”.⁷⁰

44. In November 2020, Chris Chew, Head of Export Policy at the Department for International Trade, told us that there were no plans to change the criteria.⁷¹ However, in a written statement on 8 December 2021, the then Secretary of State for International Trade unexpectedly and without consultation published a revised version of the licensing criteria for strategic export controls, to be known as the Strategic Export Licensing Criteria.⁷² We were only made aware of this development when we received a letter from the then Secretary of State on 8 December 2021, after the Written Ministerial Statement had been made.⁷³ This lack of consultation was not without precedent. In October 2019, our colleagues on the then European Scrutiny Committee expressed concern that changes to the EU common position on the rules governing control of exports of military technology and equipment arms export were only deposited in Parliament on 12 September 2019, just four days before they were due to be adopted on 16 September, although the proposals had been notified to member states on 28 June.⁷⁴

45. The changing circumstances due to the UK’s exit from the EU was cited by the then Secretary of State as one of the reasons for introducing the revised criteria.⁷⁵ In written evidence, Ranil Jayawardena MP, then Minister for International Trade, Department for International Trade, expanded:

On leaving the EU, the United Kingdom was presented with an opportunity to look again at how she controls strategic exports and to revisit the assessment criteria for export licensing to make sure they properly reflect the strategic export objectives.

69 See Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2020, HC (2021–22) [503](#), July 2021, Annex A

70 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, Control Arms UK ([JAE0007](#)) para 68

71 Committees on Arms Export Controls, Oral evidence taken on 10 November 2020, Arms Export Controls: Initial Review, HC (2019–21) 965, [Q53](#)

72 HC Deb, 8 December 2021, [cols 11–16WS](#) (the Written Ministerial Statement included the full text of the new criteria)

73 Correspondence from the then Secretary of State for International Trade, Update on Strategic Export Licensing, [8 December 2021](#), accessed 11 October 2022

74 European Scrutiny Committee, Documents considered by the Committee on 23 October 2019, [EU rules on export of arms and military technology](#), para 3.7

75 Correspondence from the then Secretary of State for International Trade, Update on Strategic Export Licensing, [8 December 2021](#), accessed 11 October 2022

... The revised criteria reflect the United Kingdom's strategic export objectives and take into account a full range of factors including her international legal obligations.⁷⁶

The new Criteria applied with immediate effect to all licence decisions (including decisions on appeals) for export, transfer, trade (brokering) and transit of goods, software and technology subject to control for strategic reasons. In July 2022, Ranil Jayawardena MP, then Minister for International Trade, Department for International Trade, set out the Government's assessment of the main changes in the new criteria and the rationale behind them.⁷⁷ These are set out in the box below.

Box 1: Government analysis of main changes in the new Strategic Export Licensing Criteria

"The main changes are in respect of Criterion 3 ("preservation of internal peace and security") and Criterion 4 ("preservation of peace and security"). The new C4 addresses ambiguities in the previous formulation under the old Criteria, whilst C3 has been updated to track C4 given they both concern 'peace and security'. Both criteria provide for a more holistic assessment of peace and security, consistent with Britain's international obligations. HM Government will not grant a licence if, having assessed the potential that the items would either contribute to or undermine internal peace and security (C3) or regional/international peace and security (C4), it determines there is a clear risk that the items would, overall, undermine internal peace and security (C3) or regional/international peace and security (C4). Other changes include:

- Criterion 6a, which considers the potential that items could be used to commit or facilitate an offence under international conventions or protocols to which the United Kingdom is party relating to terrorism or transnational organised crime. It is now a mandatory criterion (along with Criteria 1–4), which means that if the risk threshold under this criterion is met, then the licence application must be refused.
- Within C3, C4 and C6, we have included an express reference to HM Government considering whether the items might be used to commit or facilitate gender-based violence or serious acts of violence against women or children.
- Criterion 2a and Criterion 2c of the new Criteria include an express reference to HM Government not granting a licence where there is a clear risk that the items might be used to "commit or facilitate" internal repression or a serious violation of international humanitarian law—the previous Criteria only referred to a clear risk that the items might be used to "commit" internal repression or a serious violation of international humanitarian law.
- Under 'Other Factors' the language has been clarified and narrowed down, so that it states explicitly that HM Government may decide not to grant a licence, in exceptional circumstances, where the items may have a significant negative impact on the United Kingdom's international relations. This provides a degree of 'future-proofing', for unforeseen challenges."

Source: HM Government ([UKA0019](#))

46. There was immediate critical reaction to the new criteria.⁷⁸ Professor Anna Stavrianakis commented:

⁷⁶ Department for International Trade ([UKA0018](#))

⁷⁷ HM Government ([UKA0019](#))

⁷⁸ Professor Anna Stavrianakis, [Missing in action: UK arms export controls during war and armed conflict](#), World Peace Foundation, March 2022, p 14; see also 'New rules on UK arms trade make it 'easier' to sideline human rights', The Guardian, 21 December 2021; and also Control Arms UK ([UKA0017](#))

A key amendment was the insertion of the phrase “if it [the Government] determines” to the risk assessment in Criteria 2, 3, 4 and 6. This weakens the effectiveness of controls significantly by giving government free rein to ignore inconvenient evidence and narrowing the scope for future legal challenges—both of which have been core features of the controversy over arms exports to the Saudi-led coalition involved in the war in Yemen.⁷⁹

47. Control Arms UK did describe several of the amendments in the new criteria as positive, particularly in bringing the criteria more in line with the obligations contained in the Arms Trade Treaty.⁸⁰ However, they told us that they saw “significant problems with both the substance of the changes, and the process for their development and adoption”.⁸¹ They expressed concerns with the terminology used, divergence from the EU approach and a lack of guidance on the changes implemented by the new criteria.⁸² One major concern of stakeholders was that the section entitled ‘other factors’, had been drawn too narrowly in setting out that the only reason to refuse a transfer in addition to those in the criteria was when there were ‘exceptional circumstances’ and the ‘items may have a significant impact on the UK’s international relations’.⁸³ We were told that this was too restrictive and that the Government should also have full discretion to refuse a transfer for any reason it deems fit.⁸⁴ They recommended that this section should be redrafted in more inclusive terms, so as to broaden the Government’s scope for refusing licences on the basis of valid but potentially unforeseen circumstances.⁸⁵

48. In respect of the process followed, witnesses were critical of the lack of external consultation, that the review was led by the Cabinet Office and the fact that “no one outside of government was even aware it was happening”.⁸⁶ In response to the concerns on process the Government told us that whilst the Cabinet Office coordinated the review “the revised criteria were agreed and approved by the three Secretaries of State with responsibility for export licensing”.⁸⁷ They further noted that there was no precedent for conducting a formal consultation on changes to the licencing criteria.⁸⁸ However, the lack of consultation would appear contrary to Article 29 of the EU/UK Trade Agreement which stated:

Each Party shall publish any new export licensing procedure, or any modification to an existing export licensing procedure, in such a manner as to enable governments, traders and other interested parties to become acquainted with them. Such publication shall take place, whenever practicable, 45 days before the procedure or modification takes effect, and in any case no later than the date such procedure or modification takes effect.⁸⁹

79 Professor Anna Stavrianakis, [Missing in action: UK arms export controls during war and armed conflict](#), World Peace Foundation, March 2022, p 14

80 Control Arms UK ([UKA0017](#)) para 9

81 Control Arms UK ([UKA0017](#)) para 3

82 Control Arms UK ([UKA0017](#))

83 Control Arms UK ([UKA0017](#)) paras 33–38

84 Control Arms UK ([UKA0017](#)) para 33

85 Control Arms UK ([UKA0017](#)) para 38

86 Control Arms UK ([UKA0017](#)) para 5

87 Department for International Trade ([UKA0018](#))

88 Department for International Trade ([UKA0018](#))

89 EU/UK Trade and Cooperation Agreement, [Article 29: Export licensing procedures](#), April 2021, accessed 11 October 2022

49. In respect of the concerns expressed regarding divergence between UK and EU export controls following the UK's withdrawal from the EU, the Government told us that the Strategic Export Licensing Criteria maintained "the high standards we share on preventing internal repression and the upholding of international obligations"⁹⁰ and that the UK would continue to cooperate with EU Member States through participation in the international export control regimes.⁹¹ EU arms exports rules (other than the dual-use items) fall under the Common Foreign and Security Policy,⁹² not trade policy, so could have been included in an EU/UK foreign policy agreement. However, the UK rejected the need for such an agreement, and therefore data sharing on arms exports. The Government told us that whilst they no longer have access to EU information sharing systems, they continue to share information on denials of dual-use items in respect of Northern Ireland, in accordance with commitments in the Northern Ireland Protocol. Since September 2021 a new EU Dual-Use Regulation has applied in Northern Ireland.⁹³

50. **We are concerned about the lack of consultation on the new Strategic Export Licensing Criteria. While we note that previous changes to the criteria have not been subject to formal consultation, we believe that the unique circumstances of the UK's withdrawal from the EU mean that a formal consultation would have been beneficial.**

51. **We thank the Secretary of State for International Trade for writing to us setting out the background to the new Criteria. However, we would have appreciated prior notification and consultation on the changes. Prior scrutiny of, and consultation on, these changes with Parliament and stakeholders more widely, would have helped secure greater confidence in the new criteria and address concerns regarding their impact prior to implementation.**

52. *In response to our report, the Government should set out which countries' systems, from inside and outside the EU, that it considered when drafting the new Criteria. The Government should also explain the processes it has put in place to ensure continued cooperation with the EU on strategic export controls. We also recommend that an independent review be commissioned by the Government in two years to assess the effectiveness of the new Criteria. This should include a wide-ranging consultation process. We will also continue to monitor the impact of the new Criteria.*

53. **We acknowledge that the EU arms control rules (other than the dual-use items) in Common Position 2008/944/CFSP are part of the CFSP, rather than trade policy, and could therefore have been included in an EU/UK foreign policy agreement but that the UK Government rejected such an agreement. However, we are aware of the concerns regarding divergence between the EU and UK's controls systems and in particular the UK's loss of access to the EU's information sharing systems, especially in respect of the denial of licences. The Government should explore options for an agreement that would grant it access to the EU's information sharing protocols or explain in its response to our report why it does not deem this to be necessary.**

90 HM Government ([UKA0019](#))

91 HM Government ([UKA0019](#))

92 Council Common Position [2008/944/CFSP](#) of 8 December 2008 defining common rules governing control of exports of military technology and equipment, accessed 11 October 2022

93 Export Controls Joint Unit, [Notice to Exporters \(NTE 2021/12\)](#), [new dual-use regulation EU 2021/821](#), 14 September 2021, accessed 11 October 2022

5 Compliance and Enforcement

Compliance audits

54. The Export Control Joint Unit (ECJU) carries out compliance checks at the sites of companies and individuals that hold Open Individual⁹⁴ or Open General⁹⁵ Licences, and Standard Individual Licences⁹⁶ where electronic transfers arise. The aims of this activity are to provide assurance to the Government that all licence holders are meeting the terms and conditions of their licences and to raise awareness of export controls within businesses (including on wider controlled activities, such as employees accessing technology while overseas, or undertaking activities under trafficking and brokering legislation).⁹⁷ The compliance team use four predefined criteria, agreed with HMRC, to determine the level of compliance and to ensure a consistent approach. Companies are either determined to be compliant;⁹⁸ generally compliant⁹⁹; not fully compliant;¹⁰⁰ or non-compliant¹⁰¹

55. In 2021, the compliance team carried out 13 first-time contact engagements with those new to exporting, and 506 site checks (including revisits).¹⁰² The Team issued 81

94 OIELs are licences granted to cover multiple shipments of specified items to specified destinations and/or, in some cases, specified consignees. An OIEL is a tailored and flexible licence, which does not specify a limit on the quantity of an item that can be exported and is generally valid for five years (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 9).

95 OGELs are pre-published licences that permit the export of specified items to specified countries, following an online registration. They remove the need for exporters to apply for individual licences if the exporters can meet the terms and conditions set out in the licence. Failure to meet the terms and conditions may result in the licence being withdrawn. An OGEL or other type of Open General licence is only published when the exports are consistent with the Strategic Export Licensing Criteria. If the assessment changes, for the items and destinations permitted, then the OGEL is amended or revoked. OGELs generally remain in force until they are revoked (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 9).

96 SIELs allow shipments of specified items to a specified consignee or end-user up to a quantity specified in the licence. If the export will be permanent, SIELs are generally valid for two years or until the quantity specified has been exported, whichever occurs first. If an export is temporary, for example for the purposes of demonstration, trial or evaluation, a SIEL is generally valid for one year only and the items must be returned to the United Kingdom before the licence expires. Checks are in place to ensure that items have returned to the United Kingdom (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, pp 8–9).

97 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 46

98 Where all documentation is fully in order. Compliant sites are issued with a Compliance Certificate if they also have no follow-up actions or recommendations to implement (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 46).

99 Where minor (for example, typographical) errors are identified on undertakings and/or licence identifiers on documentation (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 46)

100 Where repeated minor administrative errors are identified or a substantive error is identified in one of multiple shipments; and/or an incorrect licence was quoted, where another extant licence held by the exporter permitted the export (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 47).

101 Where significant errors have been identified such as incorrect use of licences; goods or destinations not permitted; or a failure to obtain prerequisite permissions and/or undertaking prior to export/transfer. Serious or repeated non-compliance may lead to open licences being withdrawn. All instances of non-compliance are reported to HMRC (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 47).

102 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 47

warning letters to company directors during which breaches of licence conditions were identified. Two exporters surrendered licences which did not cover their goods and five exporters had a licence suspended due to repeat infractions.¹⁰³

Concerns regarding compliance audits

56. During our inquiry we heard concerns regarding the resources available for compliance audits. Nick Radiven from the Prospect union told us “Among the compliance unit ... I think there are only nine [compliance] officers at the moment, and two of those are currently in training”.¹⁰⁴ The Government appears to have accepted that this concern needed to be addressed, as the 2021 Annual Report reported an unquantified increase in compliance officers. The Government says that this helped to increase the number of compliance inspections that took place in 2021.¹⁰⁵

57. Mr Radiven also highlighted a reduction in instances where technical officers accompanied compliance officers on visits.¹⁰⁶ We were told that this could be detrimental to the quality of checks, as compliance officers did not have the same level of knowledge of technical issues.¹⁰⁷ Andrew Kinniburgh from Make UK Defence told us:

The lack of subject matter experts and technical knowledge is definitely hindering things. What it removes is that intelligence of being able to interpret a licence application more subtly. If the technology is not understood, it can [only] either be a yes or a no—there is no middle ground, because of that lack of technical knowledge.¹⁰⁸

58. We also heard concerns about the quality of data that the Government publish in relation to compliance levels in the Annual Report. Campaign Against Arms Trade (CAAT) were concerned that the published data makes no reference to specific companies or countries. They told us that it is therefore “not possible to discern how... trends relate to particular companies over time”.¹⁰⁹ In 2019 when a revisit was made following a non-compliant assessment, 14% of companies revisited still remained non-compliant, up from 9% in 2018.¹¹⁰ CAAT said that this suggested “that those with the poorest compliance are continuing to make the most serious errors”, but noted that current data left them unable to determine “if there are greater compliance issues with respect to some end-users more than others”.¹¹¹

59. The Government argued that non-compliance was not generally due to illicit behaviour but was often due to a lack of understanding of export controls for business and how to adhere fully to the terms and conditions of licences, or complete records of exports not being maintained.¹¹² They added:

103 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 48

104 Q85

105 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 47

106 Q90

107 Q90

108 Q87

109 Campaign Against Arms Trade ([UKA0005](#)) para 27

110 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2019, HC (2019–21) [1003](#), November 2020, p 37; and Campaign Against Arms Trade ([UKA0005](#)) para 28

111 Campaign Against Arms Trade ([UKA0005](#)) para 27

112 HM Government ([UKA0019](#))

Inspections enable us to identify those who struggle the most with licensing requirements and to put them on a corrective course of actions to take. Ongoing support is provided to exporters by the compliance team, for those where complex issues arise.¹¹³

The Government stated there had been a substantive improvement in the compliance levels at their follow up inspections.¹¹⁴ They also noted that they had undertaken further work to address stakeholder concerns. For example, in 2021, the Compliance Team carried out an internal review, focused on sites which had not been inspected for a number of years.¹¹⁵ The team identified and successfully carried out 235 priority inspections in 2021.¹¹⁶ The team stated that their operating model was also being amended to better assist the prioritisation of site inspections. This was regarded as “a significant step change for how the Team operates” that will further assist in deciding when inspections should occur.¹¹⁷

60. We welcome the increase in trained Compliance Inspectors mentioned in the 2021 Annual Report. *In response to our report the Government should give further details of this increase in Inspectors, including the numbers of Inspectors employed, details of the work they are undertaking and how they are measuring the impact of the change in Inspector numbers on the Compliance Team’s work.*

61. We also welcome the internal review carried out by the Compliance Team in 2021 and changes made to the operating model to better assist the prioritisation of site inspections. *We recommend that the 2022 Annual Report includes an analysis of the outcomes of this work.*

62. We are concerned by the increase in recent years of the numbers of companies found to be non-compliant after a revisit and the lack of information given in the Annual Reports on specific companies and countries for findings of non-compliance. This raises questions over the effectiveness of compliance visits.

63. *In response to our report, the ECJU should give greater detail and analysis on the reasons identified for companies being found to be non-compliant, especially after a revisit. This analysis should also be included in future editions of the Annual Report as part of efforts to improve transparency.*

64. Providing exporters with training will always improve compliance results and make the compliance visit process run more smoothly, particularly when companies do not export regularly. *We recommend that the Government actively encourage more peer-to-peer, trade bodies or ECJU Awareness training opportunities.*

65. We are also troubled by the concerns expressed regarding the level of technical knowledge within ECJU and the reported reduction in technical experts accompanying compliance officers on compliance visits. *We recommend that the ECJU ensure that*

113 HM Government ([UKA0019](#))

114 HM Government ([UKA0019](#))

115 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 47

116 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 47

117 Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 47

technical experts accompany compliance inspectors on a greater number of visits and that the number of technical experts and level of technical expertise within ECJU be reviewed as part of the ECJU Transformation Programme.

Enforcement

66. HM Revenue & Customs (HMRC) is responsible for the enforcement of export controls and trade controls. Their officers work with Border Force and the Crown Prosecution Service¹¹⁸ in undertaking a wide range of enforcement activity regarding controlled items. HMRC assesses all known breaches of arms export controls and sanctions. When HMRC identifies serious and/or deliberate breaches of export controls, or where there are aggravating features, cases will proceed to a full criminal investigation. These cases will be investigated and, if appropriate, referred to the Crown Prosecution Service, which determines whether there is sufficient evidence to prosecute and whether that prosecution is in the public interest.

67. Any decision by HMRC to conduct a criminal investigation will depend on a number of factors. These include: the seriousness of the offence, the likely impact and outcome of a criminal investigation compared to other forms of enforcement action, and the need to prioritise investigations in line with wider Government policies and strategies. Criminal prosecutions are not the only form of law enforcement available. There are several other options that can be used. These can include awareness raising, warning letters, issuing compound penalties¹¹⁹ and seizure/disruption actions.

68. In a previous report, our predecessors were not convinced that the resources provided to HMRC for export-control enforcement were commensurate with the scale and complexity of the task.¹²⁰ These concerns were reiterated in our current inquiry: Mike Lewis from Conflict Armament Research suggested that the relatively low level of resources in Customs B¹²¹ and the complexities of the UK case load, particularly in terms of brokering, may affect the level of prosecutions¹²² Dr Sybille Bauer from the Stockholm International Peace Research Institute (SIPRI) told us:

If you want to have more prosecutions, you need more investigations, and to have more investigations, you need more detections. Detections very much depend on the number of staff available.¹²³

118 Or the equivalent prosecuting authority in the devolved nations (see Committees on Arms Export Controls, 2017 Arms Export Controls Annual Report, written evidence from HMRC ([AAR0021](#)), para 1b, HC (2017–19) 1809).

119 A compound settlement is an offer made by HMRC in lieu of a referral to the CPS for the consideration of a charge. A compound settlement offer can only be made once a case has been assessed as suitable for referral to CPS with each case thoroughly researched by specialist Fraud Investigation Service criminal investigators. There is no obligation on an exporter to accept an offer and they are free to decline or make a counteroffer (Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) 628, July 2022, p 49).

120 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, para 58

121 Customs B is responsible for the collection, analysis and dissemination of intelligence to create disruption opportunities to prevent the export of controlled goods. They also develop operational packages for criminal investigation (by Customs A) and other enforcement outcomes. Investigations are undertaken by Customs A and it is this team who assess Voluntary Disclosures and referrals from Customs B and ECJU compliance team. This assessment will decide the most appropriate disposal of a case. This could include a full criminal investigation, an awareness visit, a warning letter or referral to the Enforcement Policy team for a compound settlement decision (HMRC ([UKA0016](#)))

122 Q45

123 Q6

69. HMRC outlined plans to address these criticisms by increasing its resources in Customs A and B¹²⁴ from 20 to 60 full-time equivalent staff by the end of the 2021/22 financial year.¹²⁵ Richard Las, Head of Operations, Fraud Investigation Service, HM Revenue and Customs, explained:

A number of [new staff] will be split between working on improving our intelligence and assessment analysis ... and others will pick up and conduct investigations into any issues that need to be looked into.¹²⁶

70. Concerns have also been expressed on the lack of strategic exports or sanctions prosecutions. Since 2007, there have been 26 HMRC strategic exports and sanctions prosecutions.¹²⁷ However, since 2016 there have only been three prosecutions, all in 2018. In respect of this apparent low level of prosecutions, Richard Las told us that the numbers of criminal investigations and prosecutions ebbed and flowed depending on the maturity of the investigations which could take considerable time.¹²⁸ Several witnesses also noted that the UK had a relatively high level of prosecutions compared with other countries as very few countries prosecute export control cases. Richard Las added:

The UK is one of a small group of countries that has built up this sort of valuable experience on the enforcement of strategic exports. Other than the United States, only Germany has prosecuted more cases than HMRC.¹²⁹

When we asked the Government for their thoughts on the low number of prosecutions and whether they had any plans to review the effectiveness of the relevant legislation, they simply stated that enforcement was a matter for HMRC.¹³⁰

71. In our predecessor's report on UK arms exports during 2016, they called on the Government to provide raw statistical data on the numbers of investigations, reports for prosecution, prosecutions, convictions, fines, seizures, compound penalties and warnings—both successful and unsuccessful—in the last ten years.¹³¹ In its response to the report the Government provided a table of convictions since 2007¹³² and HMRC confirmed that “historic criminal justice outcomes could be included in future annual

124 Customs B is responsible for the collection, analysis and dissemination of intelligence to create disruption opportunities to prevent the export of controlled goods. They also develop operational packages for criminal investigation (by Customs A) and other enforcement outcomes. Investigations are undertaken by Customs A and it is this team who assess Voluntary Disclosures and referrals from Customs B and ECJU compliance team. This assessment will decide the most appropriate disposal of a case. This could include a full criminal investigation, an awareness visit, a warning letter or referral to the Enforcement Policy team for a compound settlement decision (HMRC [\(UKA0016\)](#))

125 Q163 and Q173; HMRC [\(UKA0016\)](#)

126 Q173

127 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2020, HC (2021–22) [503](#), July 2021, Table 8.6, p51; there were also no prosecutions in 2021 (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p49)

128 Q159

129 Q159

130 HM Government [\(UKA0019\)](#)

131 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, para 59

132 Committees on Arms Export Controls, First Joint Special Report of Session 2017–19, UK Arms Exports during 2016: [Government Response to the Committees' First Joint Report](#), HC 1789, Annex

reports”.¹³³ As part of this inquiry we asked for an updated version of this table which we have published.¹³⁴ Such data is still not routinely published by the Government in the annual report.

72. Our witnesses also expressed concern about the transparency available in respect of compound settlements.¹³⁵ Whilst the ECJU do publish the dates and amounts of such settlements in their Notices to Exporters, more detailed information on such settlements is not available. It is HMRC policy not to publish the details of items exported or the companies accepting the Compound Settlements. In February 2022, HMRC agreed the largest Compound Settlement ever of approximately £2.7million. However, when we requested further details HMRC told us that:

HMRC do not consider that disclosing the company name would drive compliance, promote voluntary disclosure or be proportionate. Therefore, we do not believe that disclosure is in the public interest in this case.¹³⁶

73. We welcome HMRC’s increase in resources for Customs A/B. In response to our report, HMRC should set out how it will measure the impact and effectiveness of these increased resources.

74. Given the apparent low level of strategic exports and sanctions prosecutions, especially in recent years, we are disappointed that when we asked if the Government had any plans to review the effectiveness of the relevant legislation, they simply stated that enforcement was a matter for HMRC. HMRC are responsible for enforcing the legislation put forward by the Government and passed by Parliament. It is not HMRC’s role to assess the effectiveness of legislation. This is a matter for the Government and if changes are required it is for Parliament to legislate for them.

75. We can find no explanation for the lack of published data on convictions for export controls violations, especially as this information has been provided to us in written evidence when requested. We recommend that the data provided to us on individual convictions on export controls/customs violations should be included in future editions of the Strategic Export Controls Annual Report.

76. We have noted the record compound settlement agreed in early 2022 and understand the issues surrounding the public disclosure of further information relating to such settlements. However, we see no reason why data such as the name of the company, the item being exported and the destination, cannot be provided to us privately to allow us to undertake effective scrutiny. We also recommend and expect that where unlicensed goods have reached their destination the Government inform us, in private if necessary, of the steps taken to recover the items.

133 Committees on Arms Export Controls, 2017 Arms Export Controls Annual Report, written evidence from HMRC ([AAR0021](#)), para 2e, HC (2017–19) 1809

134 [HMRC \(UKA0011\)](#)

135 A compound settlement is an offer made by HMRC in lieu of a referral to the CPS for the consideration of a charge. A compound settlement offer can only be made once a case has been assessed as suitable for referral to CPS with each case thoroughly researched by specialist Fraud Investigation Service criminal investigators. There is no obligation on an exporter to accept an offer and they are free to decline or make a counteroffer (Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 49).

136 Correspondence with HMRC relating to a compound settlement, [May 2022](#)

6 Post-shipment verification

77. There are a wide range of possible measures that an exporter can use to ensure that end-user assurances are upheld, and that military materiel is in the possession of the stated end user and not being used for unauthorised end uses after receipt. Such measures encompass anything after the shipment of military materiel and include the issuance of Delivery Verification Certificates (DVCs)¹³⁷ by the importing state, regular checks of intelligence, media and non-governmental organization reports, and mechanisms that enable an exporting state to inspect the military materiel it has supplied. These type of measures are often referred to as ‘post-shipment measures’ ‘post-shipment verification’, ‘post-delivery control’ or ‘post-shipment control’. The physical inspection of military materiel after export to a recipient country is one of these possible measures and this is often referred to as ‘on-site verification’ ‘on-site visits’ or ‘on-site inspections’. Our report uses the terms ‘post-shipment verification’ and ‘on-site inspections’.

78. On-site inspections are based on a mutual agreement between the exporting state and the importing state where the end user of the military materiel is located. The exporting state can include an explicit provision for the possibility of conducting on-site inspections in its legislative framework and can decide to insert a clause about on-site inspections in end-user certificates (EUCs) that are required from recipients as part of the export licensing process.¹³⁸ On-site inspections can also be agreed on an ad hoc basis and take the form of a written authorisation. These inspections can be conducted by personnel from the exporting state, for example political officers or defence attachés based in an embassy in the importing state, a governmental authority of the exporting state such as the export licensing authority, or by a mutually agreed third party. Only a few exporting countries in the world have developed and implemented comprehensive post-shipment measures that include the possibility of conducting on-site inspections. The USA, for example, has been conducting on-site inspections of exported USA-manufactured military materiel as part of its Blue Lantern and Golden Sentry programmes for decades. The Swiss use a system based on a country risk matrix and Germany mostly inspects small arms and light weapons.¹³⁹

137 A delivery verification certificate is issued by the authorities of the country where the end-user is located. It is a confirmation that the authorized shipment actually arrived at the end-user (Stockholm International Peace Research Institute (SIPRI) SIPRI Insights on Peace and Security No 2010/3, [End-User Certificates: Improving Standards to Prevention Diversion](#), March 2010, p2, footnote 5).

138 An end-user certificate (EUC) is a form of end-user documentation. If the intended importer of the goods is a state entity, exporters must usually provide a government-issued EUC. An EUC is a document issued by or on behalf of the end-user that identifies, at a minimum, the material to be transferred, the destination country and the end-user. In addition, it may contain information about the exporter and assurances regarding the use and potential re-transfer of the goods, thereby providing additional checks on the potential risk of diversion. If the importer of the goods is a non-state entity, other types of documentation may be required. For example, the export licensing authority may require an EUC issued by the non-state entity, an import licence, or an import certificate. It is an official document, issued by a competent authority of the importing State, that identifies a government agency of the importing State as the ultimate recipient of an international transfer of small arms or light weapons (Stockholm International Peace Research Institute (SIPRI) SIPRI Insights on Peace and Security No 2010/3, [End-User Certificates: Improving Standards to Prevention Diversion](#), March 2010, p2)

139 The Swiss authorities apply a country risk matrix that guides decisions on which transfers, end users and countries of destination are subjected to on-site inspections.⁴⁰ The risk matrix places countries of destination in four categories, based on criteria such as diversion risk and previous cases, armed conflict, domestic and regional stability, the human rights situation and the danger of the respective war material being used against the civilian population in the country (Stockholm International Peace Research Institute (SIPRI), SIPRI Background Paper: [Post-Shipment Control Measures: European Approaches to On-Site Inspections of Exported Military Materiel](#), December 2020, p 11)

79. Our predecessor's report on Arms Exports during 2016 recommended that the Government should consider whether to begin end-use monitoring, it concluded that:

some end-use monitoring is advisable, and it would assist the Government in making better, more informed, export licensing decisions, as well as in addressing questions around compliance and enforcement.¹⁴⁰

In its response the Government committed to look at other countries 'limited' end-use checks and to use their experiences to examine what a UK system might look like.¹⁴¹ However, the Government noted that the UK issued around 13,000 individual export licences every year and asserted that end-use monitoring on all of these was unnecessary and unfeasible. They said that carrying out end-use monitoring, even on a small scale, would be a complex and resource intensive task. In addition, the Government argued that the permissions required from each country for each inspection negated any possibility of unannounced visits.¹⁴²

80. We put these concerns to experts from the Stockholm International Peace Research Institute (SIPRI) who had undertaken an in-depth study into such systems. In response to the Government's concerns about having to carry out an on-site inspection for every licence, Dr Varisco from SIPRI emphasised that "the point of on-site inspection is not inspecting all the materiel that has been exported or licensed, only a small part".¹⁴³ For example, the USA Blue Lantern programme, which has been running for 30 years and is well funded, only conducts around 100 post-shipment inspections per year which in 2019 was equal to 0.5% of their licences.¹⁴⁴ The Czech Republic inspected a similar percentage of shipments, undertaking around 10 inspections a year, which is equal to less than 1% of their total licences.¹⁴⁵ Countries that undertake such inspections have a methodology for deciding which kinds of shipment need an on-site inspection.¹⁴⁶

81. In respect of the permissions required from recipient countries for on-site inspections, SIPRI accepted there were sensitivities connected with such events but also pointed to the positive mutual trust building in the relationship between exporters and importers that such systems can help create over time.¹⁴⁷ Conversely as part of this trust-building element, negligence on the part of the recipient—for instance, by not allowing a post-shipment on-site inspection, or by not showing that the weapons are present in the country—could bring the exporter to implement different measures.¹⁴⁸ These might include stopping licences to the particular recipient or sharing information with other exporters to make them vigilant about the potential issues.

82. SIPRI did accept that there were challenges with such inspections. For example, there could be political and diplomatic challenges, or issues regarding extraterritoriality and

140 Committees on Arms Export Controls, First Joint Report, of Session 2017–19, [UK Arms Exports during 2016](#), HC 666, para 61

141 First Joint Special Report of Session 2017–19, UK Arms Exports during 2016: [Government Response to the Committees' First Joint Report](#), HC 1789 (responses to para 61)

142 First Joint Special Report of Session 2017–19, UK Arms Exports during 2016: [Government Response to the Committees' First Joint Report](#), HC 1789 (responses to para 61)

143 Q23 [Dr Varisco]

144 Q23 [Dr Varisco]

145 Q23 [Dr Varisco]

146 Q22 [Mr Brockmann] and Q23 [Dr Varisco]

147 Qq10–13 and Q22

148 Q13

national sovereignty, jurisdiction and building trust in the recipient.¹⁴⁹ Alongside these were the practical challenges, such as cost, capacity, logistics, and in some cases security.¹⁵⁰ There might also be commercial challenges. For example, industry might be afraid of losing contracts because there would be an on-site inspection as part of the contract and as part of the licensing procedure.¹⁵¹ SIPRI noted that the Swiss and German models could be useful in informing a future UK system.¹⁵²

83. We checked with the Government on progress in their consideration of other countries' systems. They confirmed that officials had held preliminary discussions with the German authorities to understand their approach and had intended to hold discussions with the US. However, they told us that due to the need to prioritise resources, such as on supporting the response to the COVID-19 pandemic, the discussions with the German authorities never progressed beyond initial contact and the discussions planned with the US were postponed.¹⁵³ The Government also emphasised that its current and preferred approach was to focus on a rigorous risk assessment before a licence was issued, the Government added that "end-use monitoring cannot replace [the risk assessment] process and limitations of scale and locations mean that the benefits of end-use monitoring will be limited".¹⁵⁴

84. Despite the Government undertaking to examine the possibility of establishing a system of post-shipment verification for UK exports, no progress appears to have been made. While we fully understand the pressures of, and the need to respond urgently to, the Covid pandemic, the lack of progress on this matter is disappointing given the concerns expressed to us in evidence regarding the inadequacy of some end-user assurance documentation and the risks posed by diversion. We see no reason why the Government should not recommence its discussions with the German authorities and seek to reinstate the aborted talks with US authorities on post-shipment verification.

85. We do not envisage a UK post-shipment system as replacing the need for stringent checks and robust application of the licensing criteria at the application stage. Rather such a system should be seen as complementary to the pre-licence checks and equally important as even with the best pre-licence systems, there will be cases where diversion occurs and exported items are obtained by illicit end-users after their export.

86. While recognising that it is not practicable to carry out post-shipment verification for all exports, we recommend that the Government instigate a pilot programme by 2025 of post-shipment verification. This should include on-site inspections to examine the resource implications and potential benefits of post-shipment verification. We agree with our witnesses from SIPRI that a useful starting point for modelling the pilot would be consideration of the Swiss system which uses a country risk matrix and the German system which mostly inspects small arms and light weapons.

149 Q22 [Dr Varisco]

150 Q22 [Dr Varisco]

151 Q22 [Dr Varisco]

152 Q23

153 Department for International Trade ([UKA0018](#))

154 Department for International Trade ([UKA0018](#))

7 Countries of concern

87. During our inquiry witnesses expressed concerns regarding the export of controlled items to, and their use by, various countries of concern. It is not possible to examine all the concerns raised, or cover every country our witnesses cited, but the following chapter intends to give a snapshot of some of these concerns.

Human rights priority countries

88. The Foreign, Commonwealth and Development Office (FCDO) publish an annual Human Rights and Democracy Report which includes a list of 31 “human rights priority countries”.¹⁵⁵ In the FCDO’s latest report it states that “UK export licensing processes uphold our values by seeking to ensure that UK exports do not fuel conflict, lead to human rights violations, or enable the proliferation of weapons of mass destruction”.¹⁵⁶

89. The Government maintain that human rights considerations form a core part of UK licencing Criteria and the ECJU’s decision-making as to whether or not to approve an export licence. The Government note that:

Under the Criteria the Government will not grant a licence where, among other things, there is a clear risk that the items exported (i) might be used for internal repression or in the commission of a serious violation of International Humanitarian Law; or (ii) would be used aggressively by the recipient against another country or to assert a territorial claim by force; or where the exported item would provoke or prolong armed conflicts or aggravate existing conflicts in the country of final destination.¹⁵⁷

90. Despite these references to the importance of human rights in export controls, there are only two mentions of the list of human rights priority countries in all three of the UK Strategic Export Controls Annual Reports that this report covers. These are found in the case studies section of the 2019 Annual Report (in relation to Iraq and South Sudan).¹⁵⁸

91. **We welcome the inclusion of an export controls section in the FCDO’s annual Human Rights and Democracy Report. However, consideration of human rights should also be better mainstreamed into future Strategic Export Controls Annual Reports. We recommend that future Strategic Export Controls Annual Reports demonstrate, by including examples, how the Government takes the list of human rights priority countries into account in licensing decisions and exercising export controls.**

Saudi Arabia and her coalition partners and the Yemen conflict

92. The conflict in Yemen has drawn attention to UK arms sales to Saudi Arabia. Saudi Arabia has been accused of committing violations of International Humanitarian Law (IHL) during its military operations in Yemen.¹⁵⁹ The UK is not a member of the Saudi-led

155 Foreign, Commonwealth and Development Office, [Human Rights and Democracy Report 2020](#), July 2021

156 Foreign, Commonwealth and Development Office, [Human Rights and Democracy Report 2020](#), July 2021, p19

157 Foreign, Commonwealth and Development Office, [Human Rights and Democracy Report 2020](#), July 2021, p19

158 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2019, HC (2019–21) [1003](#), November 2020, pp40–41

159 For example, see Campaign Against Arms Trade, [UK Arms to Saudi Arabia](#), May 2022, accessed 11 October 2022

coalition, but Saudi armed forces are using UK built and licenced arms in Yemen.¹⁶⁰ The UK Government has a longstanding Government-to-Government Defence Cooperation Programme with Saudi Arabia. All goods are exported under export licenses obtained by industry. The programme covers the export of Typhoon, Tornado and Hawk aircraft, mine countermeasure vessels, munitions, infrastructure and logistics.¹⁶¹ The UK Strategic Export Controls Annual Reports provide lists of Government-to-Government transfers of equipment to Saudi Arabia. In 2016, this included 11 Typhoon aircraft and initial in-service support and 186 missiles and missile launchers.¹⁶²

93. Campaign Against Arms Trade (CAAT) took the Government to court to obtain a Judicial Review of arms sales to Saudi Arabia. In June 2019 the Court of Appeal concluded the Government's decision-making process, under the Consolidated EU and National Arms Export Licensing Criteria which applied at the time, for granting export licences was "irrational" and therefore "unlawful".¹⁶³ The Government responded by announcing that it would review all licences and not grant any new licences for export to Saudi Arabia and its coalition partners that may be used in the conflict in Yemen while it considered the implications of the judgement.¹⁶⁴ In September 2019, the then International Trade Secretary, Rt Hon Liz Truss MP, apologised after finding the Government had granted new export licences to Saudi Arabia and its coalition partners, therefore breaching the undertaking given to the Court of Appeal.¹⁶⁵ She also announced that the DIT Permanent Secretary had commissioned, on her behalf, a full independent investigation to establish the precise circumstances in which these licences were granted, establish whether any other licences have been granted in breach of the Undertaking to the Court or contrary to the Parliamentary statement, and confirm that procedures were in place so that no further breaches of the Undertaking could occur.¹⁶⁶ This investigation was led by an independent senior official—the Director General of Policy Group in the Department for Work and Pensions, Jonathan Mills.

94. On 6 February 2020, the then Secretary of State issued a written ministerial statement on the outcomes of the Mills review.¹⁶⁷ On 7 July 2020 Rt Hon Liz Truss MP announced that the Government would resume granting licences for export to Saudi Arabia.¹⁶⁸ She said that, having applied a revised methodology to its decision-making process,¹⁶⁹ the Government assesses "there is not a clear risk that the export of arms and military equipment to Saudi Arabia might be used in the commission of a serious violation of IHL".¹⁷⁰

160 HM Government ([UKA0019](#))

161 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2019, HC (2019–21) [1003](#), November 2020, p 30

162 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2016, HC (2016–17) [287](#), July 2017, Table 7.III, p 26

163 Court of Appeal Judgment, [20 June 2019](#), accessed 11 October 2022

164 HC Deb, 20 June 2019, [col 374](#)

165 HC Deb, 19 September 2019, [col 38WS](#)

166 HC Deb, 19 September 2019, [col 41WS](#)

167 HC Deb, 6 February 2020, [col 18WS](#); see also Jonathan Mills, [Investigation into Export Licences granted in breach of undertakings to Court and Commitments to Parliament](#), accessed 11 October 2022

168 HC Deb, 7 July 2020, [cols 31–33WS](#)

169 This revised methodology involves detailed analysis of allegations from all available sources of information by reference to the relevant principles of IHL to determine if there are possible violations, unlikely to be violations, or whether there is insufficient information to make an evaluation. Incidents that have been assessed as "possible" violations of IHL have been factored into the overall Criterion 2c analysis on the basis that they are violations of IHL (HM Government ([UKA0019](#))).

170 HC Deb, 7 July 2020, [col 33WS](#)

95. The Government received extensive criticism from NGOs for the decision to resume granting licences.¹⁷¹ In evidence to the International Trade Committee on 2 September 2020, Roy Isbister from Saferworld commented on the review:

The conclusions of the Court of Appeal said that the UK was applying its system in an irrational and, therefore, unlawful way. ... It is very hard to understand the justification for [new licences to be issued].

... The message was, “Now we have gone through all the cases that were raised as possible violations”, and there were over 500 ... but we have concluded that those were just isolated incidents without pattern and, therefore, licences can be issued again. We can start the process, and we have no reason to revoke or suspend any existing licences.”¹⁷²

96. Several of our witnesses expressed concern that the failure to effectively identify the reasons for the granting of unlawful applications meant that this may happen again in respect of exports to other nations. On 27 October 2020, Campaign Against Arms Trade announced it had filed a Judicial Review application into the legality of the UK government’s decision to renew arms sales to the Saudi-led coalition¹⁷³ The review is due to be heard in early 2023.

97. We raised the concerns of our witnesses in writing in June 2022 with the responsible ministers at DIT and FCDO.¹⁷⁴ In response, they described the actions that had been taken to address the breaches of the undertaking to the Court of Appeal.¹⁷⁵ This included increased risk management measures on ECJU processes, the introduction of a director-level post to head the Unit and to implement new governance measures and the establishment of the ECJU Transformation Programme which would assess its operating model and identify improvement. A new cross-department reassessment process was also introduced to consider and deal with changes in a destination. This process aimed to ensure up-to-date information was used to identify applications where closer scrutiny was required. The Ministers also cited the interim process, put in place at that time for all Saudi-led coalition applications which involved extra levels of assurance by senior officials and final sign-off by Ministers.

98. In respect of ministerial involvement in decisions on exports to Saudi Arabia the Department said:

Saudi-led coalition applications were referred to Ministers until October 2020. After that point, and in light of the decision taken by the then Secretary of State for DIT on 7th July 2020, officials no longer submitted all applications to Ministers, but continued to assess each licence application against the relevant Criteria, including a detailed assessment on the Coalition’s adherence to IHL. Licences would not be granted if to

171 Campaign Against Arms Trade ([UKA0005](#)) paras 11–18; Control Arms UK ([UKA0009](#)) paras 10–12

172 Oral evidence taken by the International Trade Committee, Defence Sector Exports, September 2020, HC 740, [Q44](#)

173 Campaign Against Arms Trade press release, [27 October 2020](#), accessed 11 October 2022

174 HM Government ([UKA0019](#))

175 HM Government ([UKA0019](#))

do so would be inconsistent with the Criteria. Officials submit regular IHL assessments on Saudi Arabia to Ministers and update us on an ad hoc basis, as required.¹⁷⁶

Group of Experts on Yemen

99. On 29 September 2017, the UN Human Rights Council requested the High Commissioner to “establish a Group of Eminent International and Regional Experts on Yemen.”¹⁷⁷ The Group’s mandate included monitoring and reporting on the human rights situation in Yemen; carrying out a comprehensive examination of all alleged violations of international human rights and international law committed by all parties to the conflict, and where possible identifying those responsible. The Group was charged to submit a written report to the High Commissioner by the time of the thirty-ninth-second session, to be followed by an interactive dialogue.¹⁷⁸

100. The Expert Group’s reports were highly critical of events in Yemen and what they perceived as a lack of political will to end the conflict.¹⁷⁹ This said, their mandate was renewed by the Human Rights Council on 28 September 2018 and again for a further year in October 2020.¹⁸⁰ However, on 7 October 2021 the Human Rights Council rejected a resolution to renew the mandate.¹⁸¹ The UK voted in favour of renewing the mandate.¹⁸² The Group described the decision as “a major setback for all victims who have suffered serious violations during the armed conflict that has been raging for over six years in Yemen”.¹⁸³

101. The Government told us that it regretted the decision not to renew the Group’s mandate and that it was discussing the potential for a follow-up mechanism with international partners to support accountability on rights in Yemen.¹⁸⁴

102. We note the high-level of concern that exists regarding exports to Saudi Arabia and her coalition partners of items that may be used in the conflict in Yemen. This conflict is tragic and we call on all sides to give renewed urgency to finding a solution. It is of the utmost concern that exports were made in breach of the Government’s undertakings to the Court of Appeal. Lessons must be learned around the mechanisms for sharing information and intelligence between departments that make up the ECJU. We support the work of the Mills Review. However, we share concerns expressed by witnesses that this could happen again in respect of exports to other nations.

176 HM Government ([UKA0019](#))

177 Resolution adopted by the Human Rights Council on 29 September 2017, [A/HRC/RES/36/31](#)

178 Resolution adopted by the Human Rights Council on 29 September 2017, [A/HRC/RES/36/31](#)

179 For example, see, Human Rights Council, Situation of human rights in Yemen, including violations and abuses since September 2014: [Report of the Group of Eminent International and Regional Experts on Yemen](#), 13 September 2021, Summary and para 12, accessed 11 October 2022

180 Resolution adopted by the Human Rights Council on 28 September 2018, [A/HRC/RES/39/16](#), and Resolution adopted by the Human Rights Council on 6 October 2020, [A/HRC/RES/45/15](#)

181 Human Rights Council Forty-eighth session, Annual report of the United Nations High Commissioner for Human Rights and reports of the Office of the High Commissioner and the Secretary-General, Situation of human rights in Yemen ([A/HRC/48/L.11](#)) para 16 and subsequent [roll-call decision](#) on 7 October 2021

182 Human Rights Council Forty-eighth session, Annual report of the United Nations High Commissioner for Human Rights and reports of the Office of the High Commissioner and the Secretary-General, Situation of human rights in Yemen ([A/HRC/48/L.11](#)), [roll-call decision](#), 7 October 2021

183 Group of Eminent Experts on Yemen, [Statement by Group of Experts on Yemen on HRC rejection of resolution to renew their mandate](#), 8 October 2021, accessed 11 October 2022

184 HM Government ([UKA0019](#))

103. *By the end of 2022, the Government should commission an independent examination of whether the Mills Review outcomes have been successfully implemented and have led to the intended outcomes. It is vital lessons are learned so as to not see a repeat of this in respect of other countries of concern. In response to our report the Government must include a full explanation of its reasons for its decision to resume such exports and an explanation for its decision to cease referring all such exports to Ministers for decision.*

104. We are concerned that previous exports to Saudi Arabia may demonstrate an inconsistency in the application of the previous Consolidated Criteria. *In response to our report the Government should set out its reasons for deeming that such exports are not in breach of the Criteria. The Government should also set out its assessment of the impact of the new Strategic Export Licensing Criteria on exports to Saudi Arabia.*

105. We commend the UK Government for voting in favour of renewing the mandate of the Group of Experts on Yemen. However, we are alarmed that the majority of international delegates voted to end the mandate. *We urge the Government to seek to work with international partners to reverse this decision as soon as possible so that this valuable independent work can continue.*

Afghanistan

106. On 18 August 2021, as the security situation deteriorated in Afghanistan, the ECJU issued a Notice to Exporters stating that it had removed Afghanistan as a permitted destination from five open general export licences.¹⁸⁵ Exporters would instead need to apply for Standard Individual Licences (SIELS).

107. Following the fall of the Afghan Government, concerns were raised about reports, and images, of Taliban forces with captured coalition forces' weapons.¹⁸⁶ This was raised by the House of Commons Defence Committee at a hearing with Rt Hon Ben Wallace MP, Secretary of State for Defence, on 26 October 2021. At the hearing the Defence Secretary committed to provide a list of UK equipment left behind in Afghanistan.¹⁸⁷ The Defence Secretary's response, which did not arrive until July 2022, stated that people were always prioritised over equipment and that consequently a small amount of equipment was left behind or gifted to partner nations.¹⁸⁸ The list of Government equipment left behind was: 43 Civilian Armoured Vehicles (CAVs), 5 minibuses, 3 coaches, 1 forklift, 84 sets of public order kits (shields and batons only), rations and water.¹⁸⁹

108. When we asked why the decision to remove Afghanistan as a permitted destination from five open general export licences was not taken until August 2021, DIT and FCDO ministers told us that all export licences to Afghanistan were reassessed quickly in August

185 Export Controls Joint Unit, Notice to Exporters, [NTE 2021/10: OGELs amended to exclude Afghanistan](#), 18 August 2021, accessed 11 October 2022

186 For example, see BBC: [Afghanistan: Black Hawks and Humvees—military kit now with the Taliban](#), 29 August 2021, accessed 11 October 2022

187 Defence Committee, Oral evidence taken on 26 October 2021, Withdrawal from Afghanistan, HC (2021–22) 699, [Qq79–81](#)

188 Defence Committee, written evidence from the Ministry of Defence, Withdrawal from Afghanistan, [\(AFG0017\)](#), HC (2022–23) 725

189 Defence Committee, written evidence from the Ministry of Defence, Withdrawal from Afghanistan, [\(AFG0017\)](#), HC (2022–23) 725

2021.¹⁹⁰ The Ministers said this assessment included consideration of the risk of diversion to the Taliban. All licences for exports to the Afghan National Defence and Security Forces were revoked.¹⁹¹ Afghanistan was removed from relevant Open General Export Licences (OGELs). Licences were only left in place if they remained consistent with the Consolidated Criteria (humanitarian demining equipment for NGOs and items for the protection of remaining diplomatic missions). The Minister added:

All instances of gifting to Afghanistan were assessed against the Strategic Export Licensing Criteria and an End-User Undertaking was obtained from the National Afghan Army prior to equipment being handed over.¹⁹²

109. While we fully support the Government prioritising the evacuation of people over the repatriation of equipment, we are concerned about reports of military items that are now in the hands of adversaries following the withdrawal of coalition forces from Afghanistan. We support the decision to remove Afghanistan as a permitted destination for five Open General Export Licences. However, we are concerned that this decision was not taken earlier given the warnings and indications that the Afghan Government would collapse. A key test of the export control system is the ability to adapt to changing situations. We support the continuation of licences for humanitarian demining equipment for NGOs and items for the protection of remaining diplomatic missions and the Government’s commitment to keep the situation under review.

110. While the priority should always be the safety and evacuation of people, we seek assurances that the Government plans for the risk of military items falling into the hands of adversaries when undertaking operations, especially when planning the withdrawal from conflict zones. In response to our Report, the Government should set out the mechanisms in place to do so and what lessons have been learned from the withdrawal from Afghanistan.

Hong Kong

111. On 20 July 2020 the then Foreign Secretary announced that “the UK will extend to Hong Kong the arms embargo that we have applied to mainland China since 1989”.¹⁹³ This meant that open general licences that included Hong Kong were changed or amended to bring them in line with restrictions on China. DIT and FCDO ministers told us that the partial arms embargo to Hong Kong bans “any equipment which might be used for internal repression”.¹⁹⁴ This goes further than restrictions under Criterion 2 which require there must be a “clear risk” that the items might be used to commit or facilitate internal repression”.¹⁹⁵

112. We welcome the Government’s swift action on exports to Hong Kong following the Chinese Government’s decision to impose a National Security Law there. This illustrates how an export control system should work; by being adaptive to changing circumstances and the heightened danger of such exports being used for internal

190 HM Government ([UKA0019](#))

191 HM Government ([UKA0019](#))

192 HM Government ([UKA0019](#))

193 HC Deb, 20 July 2020, [cols 1831–1832](#)

194 HM Government ([UKA0019](#))

195 HM Government ([UKA0019](#))

repression. *The Government should use this as an example of best practice and examine the lessons that can be learned for situations where the response has not worked as effectively and speedily, for example in Afghanistan.*

Turkey

113. In October 2019, following an incursion by the Turkish military into north-east Syria, the then Foreign Secretary, Dominic Raab, stated:

In this case, we will of course keep our defence exports to Turkey under careful and continual review. I can tell the House that no further export licences to Turkey for items that might be used in military operations in Syria will be granted while we conduct that review.¹⁹⁶

Decisions on export licence applications to Turkey had to take this statement into account, which meant that from 2019–2021 additional assessments were required to be undertaken.¹⁹⁷ However, the Government did not provide any detail on the process by which these assessments were made or the factors that were taken into account in decision-making.¹⁹⁸

114. On 13 December 2021, following the review of Turkish activities, the Government announced it was satisfied that decisions on all licence applications to Turkey could be considered following a careful assessment against the Strategic Export Licensing Criteria.¹⁹⁹ However, there have been media reports that President Erdogan of Turkey is planning a military incursion into northern Syria to expand safe zones already set up across Turkey's southern borders.²⁰⁰ The Government told us they were aware of these reports and stated:

The assessment process is designed to respond swiftly and effectively to changing situations in recipient countries where there is a change in circumstances that means licences may no longer be consistent with the Strategic Export Licensing Criteria.

It remains the case that decisions can be taken to suspend, refuse or revoke licences in line with the Criteria if circumstances require.

115. We welcome the Government's action in October 2019 to not grant further export licences to Turkey for items that might be used in military operations in Syria. However, we are concerned that no information was given on action taken in respect of exports for which licences had already been granted.

116. *In response to our Report, the Government should set out the steps it took in respect of licences already granted prior to the October 2019 announcement. In the interest of transparency, the Government should also provide details of the additional assessments that were made and the factors taken into account in decision making in respect of exports to Turkey following its 2019 announcement. The Government should also set out*

196 HC Deb, 15 October 2019, [col 127](#)

197 Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2020, HC (2021–22) [503](#), July 2021, p19

198 CAAT ([UKA0014](#)), para 11

199 Export Controls Joint Unit, Notice to Exporters: [NTE 2021/15: updates on licensing to Turkey](#), 13 December 2021, accessed 11 October 2022

200 For example, see Reuters: [Analysis: Erdogan's vow to expand Syria operations raises stakes in Turkey-NATO row](#), 24 May 2022, accessed 11 October 2022

the rationale for its December 2021 announcement that it is satisfied that decisions on all licence applications to Turkey can be taken, following a careful assessment against the Strategic Export Licensing Criteria on a case-by-case basis.

Russia and Ukraine

117. Following Russia's invasion of Ukraine on 24 February 2022 the then Prime Minister, Rt Hon Boris Johnson MP announced plans to ban the export of all dual-use items to Russia.²⁰¹ New legislation regarding export bans came into force on 1 March 2022.²⁰²

118. Russia was already subject to an arms embargo, which was imposed by the EU following its annexation of Crimea in 2014 and which has been continued by the UK following its exit from the EU. However, media reports in April 2022 highlighted "a loophole that allowed EU governments to export weapons worth tens of millions of euros to Russia, last year alone, despite an embargo which took effect in 2014, after Russia annexed Ukraine's Crimea region".²⁰³ This was due to a clause in the sanctions that permitted sales under contracts signed before August 2014.²⁰⁴ This exemption was removed on 8 April 2022.²⁰⁵

119. Between 17 and 22 May 2022, a Conflict Armament Research's (CAR) field investigation team documented recently manufactured advanced weapon systems and communications equipment that the Russian Federation used in its war against Ukraine. The items included Orlan-10 uncrewed aerial vehicles (UAVs), military radios, electronic countermeasure and airborne defence systems, and remnants of what Ukrainian authorities identified as Kh-101, Kh-59, and 3M14 cruise missiles, all of which were manufactured in the Russian Federation. CAR found that each of these items contained components that were produced by companies based in the United States and Europe, including in the UK. The CAR investigation found that many of these items were manufactured after 2014, when the war in eastern Ukraine first began and that some were produced as recently as 2020.²⁰⁶

120. CAR have also conducted a separate investigation into Russian-made drones which either crashed or were shot down in Ukraine between 2015 and 2020. CAR documented six different models of Russian military UAVs that Ukrainian defence and security forces recovered from armed formations in Ukraine.²⁰⁷ Each of these military UAVs was made

201 HC Deb, 24 February 2022, [col 565](#); Dual-use items are goods, software, technology, documents and diagrams which can be used for both civil and military applications. They can range from raw materials to components and complete systems, such as aluminium alloys, bearings, or lasers. They could also be items used in the production or development of military goods, such as machine tools, chemical manufacturing equipment and computers (Department for International Trade, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p3, footnote 1).

202 Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2022 ([SI2022/195](#)); further information, including other regulations introduced, can be found at: [UK sanctions relating to Russia](#), accessed 11 October 2022

203 For example, see Reuters: [EU closes loophole allowing multimillion-euro arms sales to Russia](#), 14 April 2022, accessed 11 October 2022

204 HM Government ([UKA0019](#))

205 See Reuters: [EU closes loophole allowing multimillion-euro arms sales to Russia](#), 14 April 2022, accessed 11 October 2022

206 Conflict Armament Research, [Documenting Russia's advanced weapon systems in Ukraine](#), May 2022, accessed 11 October 2022

207 Conflict Armament Research, [Weapons of the War in Ukraine](#), November 2021, p130, accessed 11 October 2022

of commercial and dual-use components such as GPS modules, electronic parts, cameras, and engines. CAR identified that some of the components found in these drones were produced by companies with headquarters in the UK.²⁰⁸

121. The study found one Russian-made surveillance drone, that had been shot down over eastern Ukraine in 2017, contained specialist electronics that had manufactured by a Plymouth-based company, Silicon Sensing Systems Ltd. The company was told by its customer, a civilian electronics distributor in Moscow, that the ultimate end user was a company serving educational institutions.²⁰⁹ The company did not require an export licence for the component, as it was made prior to the imposition of new controls following Russia's annexation of Crimea in 2014. However, CAR investigators found that rather than being destined for use in an educational environment, the final destination of the company's component was PO KSI, a supplier of aerial surveillance systems to the Russian Ministry of Defence.²¹⁰ In 2017, this company was named in US sanctions for supporting malicious cyber operations by Russian military intelligence.²¹¹

122. Media reports suggest that the Government has launched an investigation looking at similar assertions in a Royal United Services Institute report²¹² that British made parts have ended up in weapons systems deployed by Russia in Ukraine.²¹³ In response to these claims the Government told us:

The Royal United Services Institute (RUSI) report on British components found in Russian made surveillance drones was in relation to components that were not included on the lists of items subject to an export licence at the time they left the United Kingdom, likely prior to the start of the invasion.

In lockstep with her allies, Britain is introducing the largest and most severe economic sanctions that Russia has ever faced, to help cripple Putin's war machine. In addition, the recent revision to our military end use control will provide additional scope to control the export of items not on the lists of items subject to an export licence to destinations subject to an arms embargo.²¹⁴

A further RUSI report in August 2022 cited UK components in Russian systems.²¹⁵ The report calls for a multinational effort to close down Russia's ability to continue to acquire replacement foreign-made components that are critical to Russia's war machine.

123. During the current conflict, much attention has focused on the dependence of European countries and others on Russian hydrocarbons. On 8 March, the Government announced plans for the UK to phase out Russian oil imports.²¹⁶ However according to the data supplied to us by DIT on exports to Russia between 2010 and 2021, the UK

208 Conflict Armament Research, [Weapons of the War in Ukraine](#), November 2021, p139, accessed 11 October 2022

209 Conflict Armament Research, [Weapons of the War in Ukraine](#), November 2021, p139, accessed 11 October 2022

210 Conflict Armament Research, [Weapons of the War in Ukraine](#), November 2021, p139, accessed 11 October 2022

211 Conflict Armament Research, [Weapons of the War in Ukraine](#), November 2021, p139, accessed 11 October 2022, p139

212 Royal United Services Institute, [Operation Z: The Death Throes of an Imperial Delusion](#), 22 April 2022, Annex

213 For example see Daily Telegraph, [Investigation launched after British technology is discovered in Russian Weapons](#), 3 May 2022, accessed 11 October 2022

214 HM Government ([UKA0019](#))

215 Royal United Services Institute, [Silicon Lifeline: Western Electronics at the Heart of Russia's War Machine](#), 8 August 2022, p12; see also the [Interactive Summary](#), accessed 11 October 2022

216 HM Government press release, [UK to phase out Russian oil imports](#), 8 March 2022, accessed 11 October 2022

has granted a large number of licences for the export of oil and gas industry equipment/materials and licences for such items continued to be granted after the annexation of Crimea in 2014.²¹⁷ DIT has not provided information for 2022 so it is not possible to determine if such exports have been permitted since the Russian offensive began in February. When we asked the Government about the high number of exports of oil and gas industry equipment/materials, they told us:

The sanctions imposed on Russia in 2014 made the export of specified equipment for use in the oil industry in Russia subject to a licence. A licence was not to be granted where the equipment was for use in deep water oil exploration and production, Arctic oil exploration and production, and shale oil projects. All licences granted have been consistent with the sanctions in place. In lockstep with her allies, Britain is introducing the largest and most severe economic sanctions that Russia has ever faced - including by banning the export of key oil refining equipment and catalysts - degrading Russia's ability to produce and export oil and so denying it a key strategic resource in this conflict. As noted previously, decisions made in 2014 were at an EU level.²¹⁸

124. We welcome the sanctions put in place following the annexation of Crimea in 2014 and the invasion of Ukraine in 2022. However, it is unacceptable that the EU sanctions legislation in 2014 included a prior contracts clause permitting licences where the export concerned the execution of an obligation arising from a contract or an agreement concluded before 1 August 2014. *In response to our report the Government should set out the lessons learned from this incident and how it will ensure this situation is not repeated. Following the UK's withdrawal from the EU it will be necessary to coordinate efforts with the EU with regards to Russia and Ukraine and future crises.*

125. We are very concerned about continuing reports of UK components being found in Russian systems. *In response to our report, the Government should set out the actions it is taking, in conjunction with allies, to close down Russia's ability to acquire replacement foreign-made components that are critical to its systems. The Government should also give further details of the recent revision to UK military end use controls that will provide additional scope to control the export of items not on the lists of items subject to an export licence to destinations subject to an arms embargo.*

126. We acknowledge that the decisions regarding the sanctions imposed on Russia in 2014, that made the export of specified equipment for use in the oil industry in Russia subject to a licence, were made at an EU level. *However now the UK has left the EU, in response to our report, the Government should set out the current UK measures in place in relation to the oil and gas industry in Russia and also provide data on the number of licence applications granted and refused for exports to Russia in relation to oil and gas since the invasion of Ukraine took place.*

Israel

127. Campaign Against Arms Trade (CAAT) state that since May 2015 the UK has licenced over £442 million worth of arms to Israeli forces, for items including military

217 Department for International Trade ([UKA0018](#)), see [Annex B](#)

218 HM Government ([UKA0019](#))

technology (£183m); aircraft, helicopters and drones (£117m); grenades, bombs, missiles and countermeasures (£22m); armoured vehicles and tanks (£4.6m); ammunition (£1.9m); and small arms (£1.1m).²¹⁹ According to CAAT, the actual level of exports will be significantly higher, as there have also been 47 Open Licences, which allow for an unlimited quantity and value of exports, in this period (mainly for aircraft equipment).

128. There have been long-standing concerns regarding arms exports to Israel, particularly where these items might be used in the Occupied Palestinian Territories. For example, Controls Arms UK told us:

Almost 20 years ago the UK did sometimes stipulate end-use conditions on arms exports. However, following the discovery that Israeli armoured vehicles being used in Gaza were built on UK-sourced Centurion tank chassis despite end-use assurances given on 29 November 2000 that UK-origin equipment would not be used in the Occupied Territories—rather than placing a hold on arms exports to Israel—the UK stopped asking for end-use assurances.²²⁰

More recently, in August 2022, CAAT called for the suspension of arms sales and a full review into whether UK weapons have been used in the Occupied Palestinian Territories and if they are implicated in possible war crimes.²²¹

129. When we asked the Government if they had any particular concerns over exports to Israel, they told us:

All licences are kept under careful and continual review as standard and we are able to suspend, refuse or revoke licences as circumstances require. If extant licences are found to be no longer consistent with the Strategic Export Licensing Criteria, those licences will be revoked. We will not license the export of equipment where to do so would be inconsistent with the Criteria.²²²

130. We accept the Government’s assertion that it keeps all licences under review and that they have the power to suspend, refuse or revoke licences as circumstances require. However, we also accept the considerable and longstanding concerns over arms exports to Israel especially where they might be used in the Occupied Palestinian Territories. In response to our report, the Government should provide us with a detailed breakdown of licences granted for exports to Israel, including any end-use conditions. The Government should also provide details of licences that have been refused, suspended or revoked and the reasons for this action. We also recommend that exports to Israel are included as a case study in the next Strategic Export Controls Annual Report.

219 Campaign Against Arms Trade, [press release](#), 9 August 2022, accessed 11 October 2022

220 Controls Arms UK ([UKA0009](#)), para 65

221 Campaign Against Arms Trade, [press release](#), 9 August 2022, accessed 11 October 2022

222 HM Government ([UKA0019](#))

8 Future technological developments and the character of conflict

131. Advances in technology and changes in the character of conflict present challenges for export control regimes and their ability to keep pace with developments. The former Secretary of State for International Trade, Rt Hon Liz Truss MP, told the Committees that the international export control regimes, such as Wassenaar,²²³ were the appropriate place for the international community to address common threats created by emerging technologies.²²⁴ The Government emphasised that these regimes had access to relevant experts to ensure new controls precisely addressed threats while maintaining a level playing field across nations.²²⁵

132. The Government is able to raise concerns and discuss common approaches with key international partners or act unilaterally, under UK law, to add items to a national control list. When introducing these types of controls unilaterally, the Government needs to consider carefully whether such controls would be effective in preventing these items being acquired, for example where the items in question are freely available elsewhere; and whether the controls would be proportionate, given the potential impact on legitimate UK exporters.

133. Our witnesses saw advancing technologies as a major issue which required regulators to be swift in reacting to developments²²⁶ and emphasised that their concerns were not restricted to the military arena but predominantly applied to dual-use items/applications.²²⁷ Witnesses told us that it was important that there was a holistic approach to controls of emerging technology rather than one where agreements were made on a technology-by-technology basis as tended to be the case currently.²²⁸

134. The quickening pace of technology advancements and the expected changes in the character of conflict will require swift and holistic action to ensure that the current international approach to technology governance remains fit-for-purpose.

135. *The Government should review the impact of technological change and the evolution of the character of conflict and in its response to this report outline what changes it believes are necessary to make to current international agreements and arrangements on the control of the military and dual-use items. The Government should also provide us with regular updates on the outcomes of the relevant international, bilateral and national fora that are responsible for these matters.*

223 The Wassenaar Arrangement (WA) was established to contribute to regional and international security and stability by promoting transparency and helping to prevent destabilising accumulations of conventional arms and associated sensitive dual-use goods and technologies (Department for International Trade and Export Control Joint Unit, United Kingdom Strategic Export Controls Annual Report 2021, HC (2022–23) [628](#), July 2022, p 44)

224 Correspondence with the then Secretary of State for International Trade, [January 2021](#)

225 Correspondence with the then Secretary of State for international Trade, [January 2021](#)

226 Q30 [Mr Brockmann]

227 Oral evidence taken on 2 February 2021, Arms Export Controls: Initial Review, HC (2019–21) 965, [Q216](#); and Qq 148–149 [Dr Portela, Fenella McGerty and David Lorello]

228 Oral evidence taken on 2 February 2021, Arms Export Controls: Initial Review, HC (2019–21) 965, [Q216](#)

Spyware capabilities

136. One particular technological area about which concerns have been expressed are surveillance spyware capabilities. According to Control Arms UK, over the last two years, there have been growing revelations about the global misuse of surveillance software, most notably technology known as “zero click” spyware which can be remotely and secretly installed on a target’s mobile phone.²²⁹ Once installed, it allows complete access to the device’s applications, for example messages, emails, camera, calls and contacts.

137. Control Arms UK told us that one of the most “notorious” spyware systems of this type was Pegasus. Pegasus is manufactured by Israeli company NSO Group. Control Arms UK states it has been used to hack the mobile devices of many people, including journalists and human rights defenders and potentially several Heads of State and hundreds of government officials around the world.²³⁰ Control Arms UK added that:

The growing body of evidence clearly suggests these systems now pose unprecedented proliferation risks, including with respect to grave human rights abuses and national security.

[...] In August 2021, in response to revelations about the scale of the misuse of Pegasus spyware, UN experts again reiterated calls (first made in 2019 by UN Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, David Kaye) for an immediate moratorium on the sale, transfer and use of surveillance technology, until human rights compliant regulatory frameworks are in place.²³¹

138. In the absence of such a global regulatory framework, Control Arms UK called on the Department for International Trade to amend current UK trade control system to urgently move intrusion software and related licensable goods and technology into Category A²³² of the UK’s current trade controls system.²³³ They argued:

This would prevent the marketing and promotion of these categories of goods at UK trade fairs and by UK persons or companies operating anywhere in the world. We believe this would align UK export controls in this area with its wider human rights work around the world, specifically in relation to open societies and media freedom.²³⁴

139. In response to these concerns, the Government stated that cyber surveillance technologies play an important role in protecting national security and in the prevention

229 Control Arms UK ([UKA0015](#)) paras 28

230 Control Arms UK ([UKA0015](#)) paras 28

231 Control Arms UK ([UKA0015](#)) paras 28–33

232 There is a ban on trade controlled activities relating to category A goods which includes: cluster missions, explosive submunitions and explosive bomblets; goods for the execution of human beings; torture goods, such as: electric shock batons, electric chairs, drug injection electric-shock belts, leg irons and sting sticks. A full list of category A goods is contained in [Part 1 of Schedule 1 to the Export Control Order 2008, as amended](#). For goods in category A, or where the activity is to an embargoed destination, you cannot supply or deliver, agree to supply or deliver or do any activity that will promote the supply or delivery of category A goods. (Department for International Trade, [Guidance: Export controls: military goods, software and technology](#), accessed 11 October 2022)

233 Control Arms UK ([UKA0015](#)) paras 32

234 Control Arms UK ([UKA0015](#)) paras 32

and detection of serious crime.²³⁵ However, they agreed that it was important that such technologies were not misused in a way that undermined rights and responsibilities, nor their vision of a free, open, peaceful and secure ‘cyberspace’. They contended that the Strategic Export Licensing Criteria provided a robust framework for assessing human rights risks, including in relation to exports of surveillance technologies and therefore a licence would not be granted if there was a clear risk the items might be used to commit or facilitate internal repression.²³⁶

140. The Government rejected Control Arms UK’s call for the current UK trade control system to be amended to move intrusion software and related licensable goods and technology into Category A of the UK’s current trade controls system.²³⁷ The Government argued that trade controls apply to UK involvement in the supply or delivery, or promoting the supply or delivery, of tangible goods moving from one third country to another and did not apply to software or technology. The Government added:

Category A goods, as set out in the Export Control Order 2008, includes items for which the supply is prohibited or is inherently undesirable, such as cluster munitions or execution goods and for which it is unlikely a licence would be granted. Controls on Category A items apply extra-territorially, that is, to the activities of British persons anywhere in the world.

Adding surveillance items to Category A would apply trade controls to the promotion of the supply of any physical hardware required for the generation, delivery, command, or control of the surveillance software—but not the actual software itself. Changing the trade controls to include intangibles like software and technology would require a fundamental rethink and it could have significant implications for legitimate trade, as well as raise serious questions about the enforceability of such controls.²³⁸

141. The rapid advancement of new technologies such as spyware is a major challenge for export control regimes. Given the Government’s assertion that it is inappropriate to move intrusion software and related licensable goods and technology into Category A of the UK’s trade controls system, in response to our report the Government should set out what action it is taking to address human rights concerns associated with surveillance technologies. The Government should also set out what action it is taking to ensure global human rights compliant regulatory frameworks are in place for such technologies.

235 HM Government ([UKA0019](#))

236 HM Government ([UKA0019](#))

237 HM Government ([UKA0019](#))

238 HM Government ([UKA0019](#))

Conclusions and recommendations

Government Co-operation

1. We are disappointed at the continued reluctance of the Government to offer the Foreign and International Trade Secretaries of State to provide us with oral evidence. This risks giving the impression that the Government do not attach the appropriate importance to parliamentary scrutiny of strategic export controls. While we appreciate that other ministers from the relevant departments have agreed to give evidence, we expect the Government to be more accommodating in offering suitable dates for ministerial sessions. The offer of a one-hour session is unacceptable, given the breadth and importance of the issues covered by the Committees. (Paragraph 15)
2. We acknowledge that the Annual Report contains a substantial amount of information that is helpful for our inquiries and that strategic export controls cover a wide range of areas so it is not always clear which specific topics will arise as our inquiry proceeds. However, it is regrettable that the Government have in recent years only seen fit to submit a one-page letter welcoming our inquiries and giving a very brief general overview of its performance and policy developments during the year. We would, at the very least, expect the Government to submit written evidence addressing the inquiry's terms of reference. This would potentially save a lot of subsequent enquiries to the Government as our inquiry proceeds. We also expect the Government to be more proactive in notifying us of proposed policy developments. (Paragraph 16)

Strategic Export Controls Annual Reports

3. Whilst we welcome the information contained in the Strategic Export Controls Annual Report, stakeholders argue it is too descriptive of events and does not drill down sufficiently to provide qualitative or quantitative analysis of the data. We share stakeholders' concerns about the transparency of information available on Open Licences, especially as the Government has previously promised to review what further data it can make publicly available. Industry is already required to record this information, so we are unclear as to why the Government has yet to improve the quality of information available. (Paragraph 25)
4. *We recommend that the Government improve the data that is available on Open Licences. The Government should publish data in the quarterly "pivot reports" on the precise equipment and quantities exported, the companies exporting the equipment and its intended destination, and each Strategic Export Controls Annual Report should include an analysis of this data. The ability to provide this data should be an integral part of the new LITE IT system.* (Paragraph 26)
5. We share our predecessor committees' concerns over the continued delays in delivering the new LITE IT system. *The rollout of the new LITE IT system must be progressed urgently. In response to our report the Government should set out a specific timeline for each stage of the transition and the intended date for LITE to be fully operational. The Government should provide us with six-monthly updates on progress.* (Paragraph 27)

6. A new IT system should not reduce the amount of publicly available information. *We seek assurances that the LITE system will enable greater transparency on Open Licences and include a public searchable database as exists under the current SPIRE system. To increase transparency on exports, the Government should enhance the search facilities of its public facing database.* (Paragraph 28)
7. We appreciate the hard and diligent work of ECJU staff during the Covid pandemic. We recognise that this has been a busy time for the ECJU, with COVID related delays causing additional difficulties. (Paragraph 37)
8. We welcome the decision to launch the ECJU Transformation Programme and the opportunity it provides to improve and reform the work of the ECJU and its relationships with stakeholders. However, given the duty of DIT to inform us of relevant developments, it is disappointing that the Department did not do so on this occasion. Instead, we learned of its existence from the MoD's Defence and Security Industrial Strategy. We expect the Government to be more proactive in informing us of future policy developments. (Paragraph 38)
9. It is also disappointing that the Government has not published terms of reference outlining the aims and remit of the ECJU Transformation Programme. *The Government should publish the terms of reference for the ECJU Transformation Programme, and provide us with six-monthly updates on the Programme, including progress on its intended outcomes.* (Paragraph 39)
10. We welcome the consultation that has taken place with the unions. This must continue and the Government must ensure that they draw on the expertise of ECJU staff at all levels. We also welcome the customer survey of exporters. However, this engagement should go further *We recommend that the Government hold a public consultation with stakeholders as part of the Programme. It is important that their views inform the Programme. The ECJU should look to continue engagement with industry beyond the Programme by establishing a formal mechanism for industry to interact with the ECJU to improve information sharing and to discuss concerns in the licensing process.* (Paragraph 40)
11. We are concerned by evidence regarding insufficient resources within the ECJU, particularly technical and specialist roles and Compliance Officers. *The ECJU Transformation Programme should include a review of ECJU resources. Future editions of the Annual Report should include data on ECJU resources including staff levels by grade, post and parent department.* (Paragraph 41)
12. *It is important that an independent assessment takes place of whether the Transformation Programme achieves its intended outcomes. Therefore, we recommend that two years after completion of the Programme the NAO undertake a review of the structure, performance and value for money of the ECJU to ensure it is fit-for-purpose.* (Paragraph 42)

New Strategic Export Licensing Criteria

13. We are concerned about the lack of consultation on the new Strategic Export Licensing Criteria. While we note that previous changes to the criteria have not

been subject to formal consultation, we believe that the unique circumstances of the UK's withdrawal from the EU mean that a formal consultation would have been beneficial. (Paragraph 50)

14. We thank the Secretary of State for International Trade for writing to us setting out the background to the new Criteria. However, we would have appreciated prior notification and consultation on the changes. Prior scrutiny of, and consultation on, these changes with Parliament and stakeholders more widely, would have helped secure greater confidence in the new criteria and address concerns regarding their impact prior to implementation. (Paragraph 51)
15. *In response to our report, the Government should set out which countries' systems, from inside and outside the EU, that it considered when drafting the new Criteria. The Government should also explain the processes it has put in place to ensure continued cooperation with the EU on strategic export controls. We also recommend that an independent review be commissioned by the Government in two years to assess the effectiveness of the new Criteria. This should include a wide-ranging consultation process. We will also continue to monitor the impact of the new Criteria.* (Paragraph 52)
16. We acknowledge that the EU arms control rules (other than the dual-use items) in Common Position 2008/944/CFSP are part of the CFSP, rather than trade policy, and could therefore have been included in an EU/UK foreign policy agreement but that the UK Government rejected such an agreement. However, we are aware of the concerns regarding divergence between the EU and UK's controls systems and in particular the UK's loss of access to the EU's information sharing systems, especially in respect of the denial of licences. *The Government should explore options for an agreement that would grant it access to the EU's information sharing protocols or explain in its response to our report why it does not deem this to be necessary.* (Paragraph 53)

Compliance and Enforcement

17. We welcome the increase in trained Compliance Inspectors mentioned in the 2021 Annual Report. *In response to our report the Government should give further details of this increase in Inspectors, including the numbers of Inspectors employed, details of the work they are undertaking and how they are measuring the impact of the change in Inspector numbers on the Compliance Team's work.* (Paragraph 60)
18. We also welcome the internal review carried out by the Compliance Team in 2021 and changes made to the operating model to better assist the prioritisation of site inspections. *We recommend that the 2022 Annual Report includes an analysis of the outcomes of this work.* (Paragraph 61)
19. We are concerned by the increase in recent years of the numbers of companies found to be non-compliant after a revisit and the lack of information given in the Annual Reports on specific companies and countries for findings of non-compliance. This raises questions over the effectiveness of compliance visits. (Paragraph 62)

20. *In response to our report, the ECJU should give greater detail and analysis on the reasons identified for companies being found to be non-compliant, especially after a revisit. This analysis should also be included in future editions of the Annual Report as part of efforts to improve transparency. (Paragraph 63)*
21. Providing exporters with training will always improve compliance results and make the compliance visit process run more smoothly, particularly when companies do not export regularly. *We recommend that the Government actively encourage more peer-to-peer, trade bodies or ECJU Awareness training opportunities. (Paragraph 64)*
22. We are also troubled by the concerns expressed regarding the level of technical knowledge within ECJU and the reported reduction in technical experts accompanying compliance officers on compliance visits. *We recommend that the ECJU ensure that technical experts accompany compliance inspectors on a greater number of visits and that the number of technical experts and level of technical expertise within ECJU be reviewed as part of the ECJU Transformation Programme. (Paragraph 65)*
23. We welcome HMRC's increase in resources for Customs A/B. In response to our report, HMRC should set out how it will measure the impact and effectiveness of these increased resources. (Paragraph 73)
24. Given the apparent low level of strategic exports and sanctions prosecutions, especially in recent years, we are disappointed that when we asked if the Government had any plans to review the effectiveness of the relevant legislation, they simply stated that enforcement was a matter for HMRC. HMRC are responsible for enforcing the legislation put forward by the Government and passed by Parliament. It is not HMRC's role to assess the effectiveness of legislation. This is a matter for the Government and if changes are required it is for Parliament to legislate for them. (Paragraph 74)
25. We can find no explanation for the lack of published data on convictions for export controls violations, especially as this information has been provided to us in written evidence when requested. *We recommend that the data provided to us on individual convictions on export controls/customs violations should be included in future editions of the Strategic Export Controls Annual Report. (Paragraph 75)*
26. We have noted the record compound settlement agreed in early 2022 and understand the issues surrounding the public disclosure of further information relating to such settlements. *However, we see no reason why data such as the name of the company, the item being exported and the destination, cannot be provided to us privately to allow us to undertake effective scrutiny. We also recommend and expect that where unlicensed goods have reached their destination the Government inform us, in private if necessary, of the steps taken to recover the items. (Paragraph 76)*

Post-shipment verification

27. Despite the Government undertaking to examine the possibility of establishing a system of post-shipment verification for UK exports, no progress appears to have been made. While we fully understand the pressures of, and the need to respond

urgently to, the Covid pandemic, the lack of progress on this matter is disappointing given the concerns expressed to us in evidence regarding the inadequacy of some end-user assurance documentation and the risks posed by diversion. We see no reason why the Government should not recommence its discussions with the German authorities and seek to reinstate the aborted talks with US authorities on post-shipment verification. (Paragraph 84)

28. We do not envisage a UK post-shipment system as replacing the need for stringent checks and robust application of the licensing criteria at the application stage. Rather such a system should be seen as complementary to the pre-licence checks and equally important as even with the best pre-licence systems, there will be cases where diversion occurs and exported items are obtained by illicit end-users after their export. (Paragraph 85)
29. *While recognising that it is not practicable to carry out post-shipment verification for all exports, we recommend that the Government instigate a pilot programme by 2025 of post-shipment verification. This should include on-site inspections to examine the resource implications and potential benefits of post-shipment verification. We agree with our witnesses from SIPRI that a useful starting point for modelling the pilot would be consideration of the Swiss system which uses a country risk matrix and the German system which mostly inspects small arms and light weapons.* (Paragraph 86)

Countries of concern

30. We welcome the inclusion of an export controls section in the FCDO's annual Human Rights and Democracy Report. However, consideration of human rights should also be better mainstreamed into future Strategic Export Controls Annual Reports. *We recommend that future Strategic Export Controls Annual Reports demonstrate, by including examples, how the Government takes the list of human rights priority countries into account in licensing decisions and exercising export controls.* (Paragraph 91)
31. We note the high-level of concern that exists regarding exports to Saudi Arabia and her coalition partners of items that may be used in the conflict in Yemen. This conflict is tragic and we call on all sides to give renewed urgency to finding a solution. It is of the utmost concern that exports were made in breach of the Government's undertakings to the Court of Appeal. Lessons must be learned around the mechanisms for sharing information and intelligence between departments that make up the ECJU. We support the work of the Mills Review. However, we share concerns expressed by witnesses that this could happen again in respect of exports to other nations. (Paragraph 102)
32. *By the end of 2022, the Government should commission an independent examination of whether the Mills Review outcomes have been successfully implemented and have led to the intended outcomes. It is vital lessons are learned so as to not see a repeat of this in respect of other countries of concern. In response to our report the Government must include a full explanation of its reasons for its decision to resume such exports and an explanation for its decision to cease referring all such exports to Ministers for decision.* (Paragraph 103)

33. We are concerned that previous exports to Saudi Arabia may demonstrate an inconsistency in the application of the previous Consolidated Criteria. *In response to our report the Government should set out its reasons for deeming that such exports are not in breach of the Criteria. The Government should also set out its assessment of the impact of the new Strategic Export Licensing Criteria on exports to Saudi Arabia.* (Paragraph 104)
34. We commend the UK Government for voting in favour of renewing the mandate of the Group of Experts on Yemen. However, we are alarmed that the majority of international delegates voted to end the mandate. *We urge the Government to seek to work with international partners to reverse this decision as soon as possible so that this valuable independent work can continue.* (Paragraph 105)
35. While we fully support the Government prioritising the evacuation of people over the repatriation of equipment, we are concerned about reports of military items that are now in the hands of adversaries following the withdrawal of coalition forces from Afghanistan. We support the decision to remove Afghanistan as a permitted destination for five Open General Export Licences. However, we are concerned that this decision was not taken earlier given the warnings and indications that the Afghan Government would collapse. A key test of the export control system is the ability to adapt to changing situations. We support the continuation of licences for humanitarian demining equipment for NGOs and items for the protection of remaining diplomatic missions and the Government's commitment to keep the situation under review. (Paragraph 109)
36. *While the priority should always be the safety and evacuation of people, we seek assurances that the Government plans for the risk of military items falling into the hands of adversaries when undertaking operations, especially when planning the withdrawal from conflict zones. In response to our Report, the Government should set out the mechanisms in place to do so and what lessons have been learned from the withdrawal from Afghanistan.* (Paragraph 110)
37. We welcome the Government's swift action on exports to Hong Kong following the Chinese Government's decision to impose a National Security Law there. This illustrates how an export control system should work; by being adaptive to changing circumstances and the heightened danger of such exports being used for internal repression. *The Government should use this as an example of best practice and examine the lessons that can be learned for situations where the response has not worked as effectively and speedily, for example in Afghanistan.* (Paragraph 112)
38. We welcome the Government's action in October 2019 to not grant further export licences to Turkey for items that might be used in military operations in Syria. However, we are concerned that no information was given on action taken in respect of exports for which licences had already been granted. (Paragraph 115)
39. *In response to our Report, the Government should set out the steps it took in respect of licences already granted prior to the October 2019 announcement. In the interest of transparency, the Government should also provide details of the additional assessments that were made and the factors taken into account in decision making in respect of exports to Turkey following its 2019 announcement. The Government*

should also set out the rationale for its December 2021 announcement that it is satisfied that decisions on all licence applications to Turkey can be taken, following a careful assessment against the Strategic Export Licensing Criteria on a case-by-case basis. (Paragraph 116)

40. We welcome the sanctions put in place following the annexation of Crimea in 2014 and the invasion of Ukraine in 2022. However, it is unacceptable that the EU sanctions legislation in 2014 included a prior contracts clause permitting licences where the export concerned the execution of an obligation arising from a contract or an agreement concluded before 1 August 2014. *In response to our report the Government should set out the lessons learned from this incident and how it will ensure this situation is not repeated. Following the UK's withdrawal from the EU it will be necessary to coordinate efforts with the EU with regards to Russia and Ukraine and future crises. (Paragraph 124)*
41. We are very concerned about continuing reports of UK components being found in Russian systems. *In response to our report, the Government should set out the actions it is taking, in conjunction with allies, to close down Russia's ability to acquire replacement foreign-made components that are critical to its systems. The Government should also give further details of the recent revision to UK military end use controls that will provide additional scope to control the export of items not on the lists of items subject to an export licence to destinations subject to an arms embargo. (Paragraph 125)*
42. We acknowledge that the decisions regarding the sanctions imposed on Russia in 2014, that made the export of specified equipment for use in the oil industry in Russia subject to a licence, were made at an EU level. *However now the UK has left the EU, in response to our report, the Government should set out the current UK measures in place in relation to the oil and gas industry in Russia and also provide data on the number of licence applications granted and refused for exports to Russia in relation to oil and gas since the invasion of Ukraine took place. (Paragraph 126)*
43. We accept the Government's assertion that it keeps all licences under review and that they have the power to suspend, refuse or revoke licences as circumstances require. However, we also accept the considerable and longstanding concerns over arms exports to Israel especially where they might be used in the Occupied Palestinian Territories. *In response to our report, the Government should provide us with a detailed breakdown of licences granted for exports to Israel, including any end-use conditions. The Government should also provide details of licences that have been refused, suspended or revoked and the reasons for this action. We also recommend that exports to Israel are included as a case study in the next Strategic Export Controls Annual Report. (Paragraph 130)*

Future technological developments and the character of conflict

44. The quickening pace of technology advancements and the expected changes in the character of conflict will require swift and holistic action to ensure that the current international approach to technology governance remains fit-for-purpose. (Paragraph 134)

45. *The Government should review the impact of technological change and the evolution of the character of conflict and in its response to this report outline what changes it believes are necessary to make to current international agreements and arrangements on the control of the military and dual-use items. The Government should also provide us with regular updates on the outcomes of the relevant international, bilateral and national fora that are responsible for these matters. (Paragraph 135)*

46. *The rapid advancement of new technologies such as spyware is a major challenge for export control regimes. Given the Government's assertion that it is inappropriate to move intrusion software and related licensable goods and technology into Category A of the UK's trade controls system, in response to our report the Government should set out what action it is taking to address human rights concerns associated with surveillance technologies. The Government should also set out what action it is taking to ensure global human rights compliant regulatory frameworks are in place for such technologies. (Paragraph 141)*

Formal Minutes

Wednesday 19 October 2022

The Defence, Foreign Affairs, International Development and International Trade Committees met concurrently, pursuant to Standing Order No. 137A.

Members present:

Defence Committee

Rt Hon Tobias Ellwood

Dave Doogan

Mrs Emma Lewell-Buck

Foreign Affairs Committee

Alicia Kearns

Chris Bryant

Liam Byrne

International Development Committee

Sarah Champion

Chris Law

Nigel Mills

International Trade Committee

Angus Brendan MacNeil

Mark Garnier

Lloyd Russell-Moyle

Mike Wood

Mark Garnier was called to the chair, in accordance with Standing Order No. 137A(1)(d).

Draft Report (Developments in UK Strategic Export Controls)

The Committees considered this matter.

Draft Report (Developments in UK Strategic Export Controls) proposed by the Chair, brought up and read.

Ordered, That the draft Report be considered concurrently, in accordance with Standing Order No. 137A (1)(c).

Ordered, That the Chair's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 141 read and agreed to.

Summary agreed to.

Adjournment

[Adjourned to a day and time to be fixed by the Chair.]

DEFENCE COMMITTEE

The Foreign Affairs, International Trade and International Development Committees withdrew.

Rt Hon Tobias Ellwood, in the Chair

Dave Doogan

Mrs Emma Lewell-Buck

Draft Report (Developments in UK Strategic Export Controls) proposed by the Chair, brought up and read.

Resolved, That the draft Report prepared by the Defence, Foreign Affairs, International Development and International Trade Committees be the Fourth Report of the Defence Committee to the House.

Ordered, That the provisions of Standing Order No. 137A (2) may be applied to the Report.

Ordered, That Rt Hon Tobias Ellwood make the Joint Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

[Adjourned til 2 November at 2.00 pm.]

FOREIGN AFFAIRS COMMITTEE

The Defence, International Development, and International Trade Committees withdrew.

Alicia Kearns, in the Chair

Chris Bryant

Liam Byrne

Draft Report (Developments in UK Strategic Export Controls) proposed by the Chair, brought up and read.

Resolved, That the draft Report prepared by the Defence, Foreign Affairs, International Development and International Trade Committees be the Fourth Report of the Foreign Affairs Committee to the House.

Ordered, That the provisions of Standing Order No. 137A (2) may be applied to the Report.

Ordered, That Alicia Kearns make the Joint Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

[Adjourned to a day and time to be fixed by the Chair.]

INTERNATIONAL DEVELOPMENT COMMITTEE

The Defence, Foreign Affairs and International Trade Committees withdrew.

Sarah Champion, in the Chair

Chris Law

Nigel Mills

Draft Report (Developments in UK Strategic Export Controls) proposed by the Chair, brought up and read.

Resolved, That the draft Report prepared by the Defence, Foreign Affairs, International Development and International Trade Committees be the Fourth Report of the International Development Committee to the House

Ordered, That the provisions of Standing Order No. 137A(2) may be applied to the Report.

Ordered, That Sarah Champion make the Joint Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

[Adjourned til 1 November at 2.00 pm.]

INTERNATIONAL TRADE COMMITTEE

The Defence, Foreign Affairs, and International Development Committees withdrew.

Angus Brendan MacNeil, in the Chair

Mark Garnier

Lloyd Russell Moyle

Mike Wood

Draft Report (Developments in UK Strategic Export Controls) proposed by the Chair, brought up and read.

Resolved, That the draft Report prepared by the Defence, Foreign Affairs, International Development and International Trade Committees be the Fifth Report of the International Trade Committee to the House.

Ordered, That the provisions of Standing Order No. 137A(2) may be applied to the Report.

Ordered, That Angus Brendan MacNeil make the Joint Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

[Adjourned til Wednesday 26 October at 9.30 am.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 16 March 2021

Dr Sibylle Bauer, Director of Studies, Armament and Disarmament, Stockholm International Peace Research Institute; **Mr Kolja Brockmann**, Researcher, Dual-Use and Arms Trade Control Programme, Stockholm International Peace Research Institute; **Dr Andrea Edoardo Varisco**, Acting Director, Dual-Use and Arms Trade Control Programme, Stockholm International Peace Research Institute [Q1–33](#)

Tuesday 20 April 2021

Mike Lewis, Head of Enhanced Investigations, Conflict Armament Research [Q34–71](#)

Tuesday 18 May 2021

Andrew Kinniburgh, Director General, Make UK Defence; **Nick Radiven**, Negotiations Officer, Prospect [Q72–123](#)

Tuesday 29 June 2021

David Lorello, Of Counsel and Vice Chair of International Trade Controls Practice Group, Covington and Burling LLP; **Fenella McGerty**, Senior Fellow for Defence Economics, International Institute for Strategic Studies; **Dr Clara Portela**, Professor of Political Science, University of Valencia [Q124–149](#)

Tuesday 16 November 2021

Joanne Cheetham, Deputy Director, Customs and Borders Design, HM Revenue and Customs; **Richard Las**, Head of Operations, Fraud Investigation Service, HM Revenue and Customs [Q150–190](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

UKA numbers are generated by the evidence processing system and so may not be complete.

- 1 Action on Armed Violence ([UKA0003](#))
- 2 Campaign against Arms Trade ([UKA0014](#))
- 3 Campaign against Arms Trade ([UKA0005](#))
- 4 Control Arms UK ([UKA0017](#))
- 5 Control Arms UK ([UKA0015](#))
- 6 Control Arms UK ([UKA0009](#))
- 7 Departmental for International Trade ([UKA0018](#))
- 8 HM Government ([UKA0010](#))
- 9 HM Government ([UKA0004](#))
- 10 HM Government ([UKA0019](#))
- 11 HM Revenue and Customs ([UKA0011](#))
- 12 HM Revenue and Customs ([UKA0016](#))
- 13 Moore, Mr Justin ([UKA0012](#))
- 14 Osman, Miss; and Miss Ruwadzano Makumbe ([UKA0008](#))
- 15 Prospect ([UKA0013](#))
- 16 Stavrianakis, Professor Anna (Professor of International Relations, University of Sussex) ([UKA0002](#))