

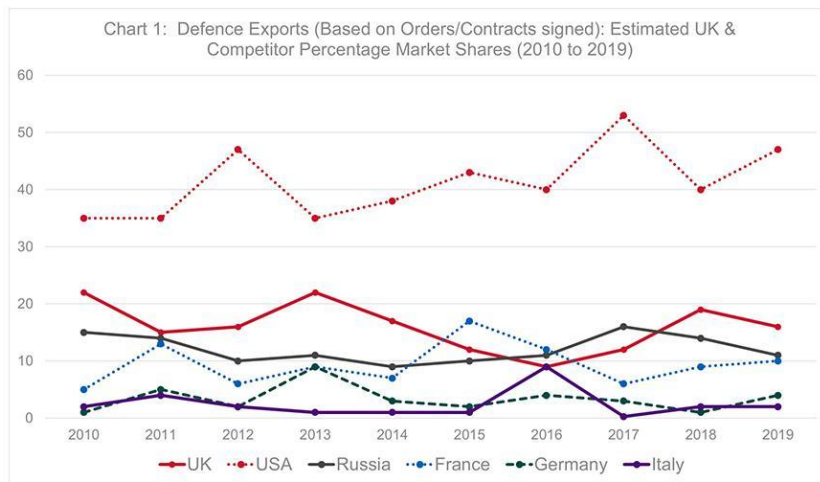


# DEFENCE & SECURITY EXPORT CONTROLS: A PRACTICAL PERSPECTIVE FROM THE UK

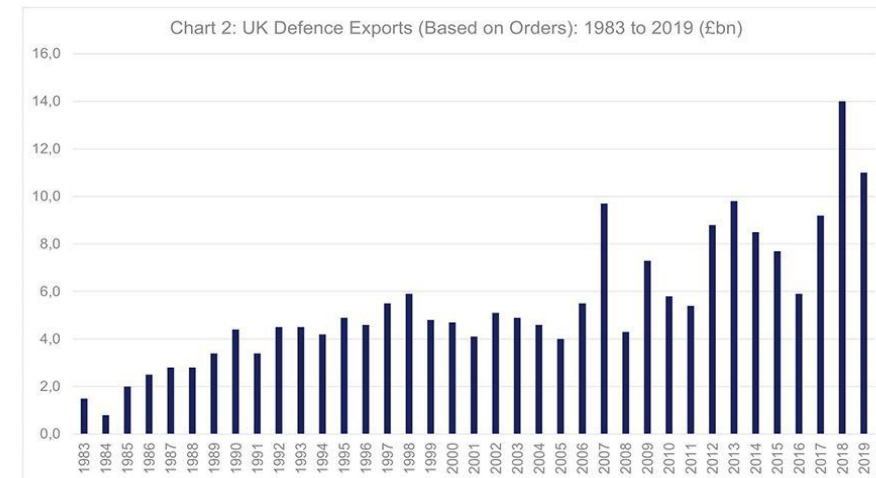
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# UK DEFENCE & SECURITY TRADE

- The UK has robust yet agile systems that have facilitated strong export performance – Chart 1 (Defence exports only)
- The UK has a long history as a responsible international defence and security partner – Chart 2 (Defence exports only)



Source: UK Defence & Security Exports



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# UK EXPORT CONTROL PRINCIPLES

- An export licence is needed before the export of controlled military goods, software and technology and items on the UK dual-use list from the UK to another country. These items are listed in [Schedule 2 and 3 to the Export Control Order 2008](#)
- A licence is needed before engaging in activities that involve:
  - the supply or delivery of certain items from one country to another
  - the agreement to supply or deliver certain items from one country to another
  - any activity that will promote the supply or delivery of certain items from one country to another; this establishes marketing permissions [Form 680 process]
- These steps facilitate an agreed and transparent approach between industry and government – classified information is shared

# UK GOVERNMENT SUPPORT

- The UK Government supports industry in the international market place through a variety of ways, such as:
  - Participating in major multilateral organisations
  - Providing the Export Control Joint Unit (ECJU) that administers the UK's system of export controls and licensing for military and dual-use items
  - Bringing together political, operational and policy expertise from the Department for International Trade (DIT), Foreign and Commonwealth Development Office (FCDO) and the Ministry of Defence (MOD)
  - Making available finance through the [UK Export Finance organisation](#)



# INTERNATIONAL PROTOCOLS & NORMS

- Export licensing regimes need to align as much as possible; but there are differences of national policies, for example:
  - Control Lists and guidelines agreed in the multilateral export control regimes have both overlaps and differences depending on the purpose of the regime and their participation. There are 5 such regimes: MTCR, Wassenaar Arrangement, Australia Group, Nuclear Suppliers Group & Zangger Committee
  - These regimes do not have universal membership but have many adherents.
  - Embargoed or restricted countries/entities can vary
- Some new challenges emerging, e.g. handling Artificial Intelligence, Laser Directed Energy Weapons, Space-based systems

# SUPPLY CHAINS

- Export control obligations arising from licensing regimes apply to the full depth and breadth of companies in the supply chain:
  - Prime contractors need to flow down these obligations to their supply chain
  - End-use and end-users must be clearly understood by all parties
  - Dual Use items can add complication
- Risks can also emerge when companies in the supply chain are acquired by new owners: industrial capabilities may be sold off, different corporate objectives related to exports may arise, or pricing strategies for future business could be disruptive.
- More governments are paying closer attention to foreign acquisitions because the influence and access to technology can raise national security concerns; Foreign Direct Investment needs careful management

# PROTECTING MILITARY EDGE

- As the world's leading defence industrial and technological base – and largest exporter - the US is very focused on protecting its military edge
- The US still experience export control infringements and violations:
  - The US Department of State Defence Trade Controls website details the nature and significance of infringements made by companies: [Penalties & Oversight Agreements](#)
  - Those convicted of violating the US Arms Export Control Act (AECA), or of conspiracy to violate the AECA are prohibited from participating in any activities subject to the ITAR: [Statutorily Debarred Individuals](#)
- International export business is hard won; but some countries, companies and individuals can use a different rule book. Be on guard!

# THOUGHTS

- Export control is a vital government and industry function
- Compliance teams need multi skilled staff to assess a broad range of highly diverse export control systems and determine their potential impact on their government or company, such as the risk of reputational damage, sanctions and embargoes
- There is no perfect system; no 'off the shelf' solution
- The best systems evolve over time ..... With assistance and support from close allies





# DISCUSSION POINTS

- Achieving a trusted environment for sharing classified information with other governments and industry partners
- Having effective means to promote JSDF capabilities in the international marketplace
- Creating relationships between domestic companies and international partners
- Identifying other potential concerns

