

3



Hungary



Hungary data profile

| | |
|---|-------------------------|
| Population ¹ | 10 million (2000) |
| Territory ² | 93,030 km ² |
| GDP ³ | \$45.6 billion (2000) |
| Inflation rate ⁴ | 9.8% (2000) |
| Current value of external debt ⁵ | \$28,809 million (2000) |
| Unemployment rate ⁶ | 6.7% (2000) |
| Defence budget (percentage of GDP) ⁷ | 1.6% (1999) |

3.1 Introduction

COMPARED TO OTHER COUNTRIES in the region, Hungary had a relatively small defence industry within the Warsaw Treaty Organisation (WTO), even during the 'boom' years of the late 1980s. At its peak in 1988, Hungarian factories had a total military output of \$370 million, representing only 3 percent of Hungarian industrial production, as compared to Czechoslovakia, where 11 percent of total industrial production was military-related.⁸ The Hungarian defence industry's structure, size and production pattern was determined by the defence needs of the WTO, which gave priority to the telecommunication, transport and chemical industries. This situation shielded military production from economic realities. After the dissolution of the Warsaw Pact in 1991, tough external market conditions and a sharp fall in the number of orders caused the country's defence industry to shrink considerably.

¹ The World Bank Group, www.worldbank.org/data.

² www.emulateme.com/content/.

³ The World Bank Group, www.worldbank.org/data.

⁴ *Magyar Statisztikai Zsebkönyv 2000* [Hungarian Statistical Yearbook 2000] (Budapest, KSH, 2001).

⁵ The World Bank Group, www.worldbank.org/data.

⁶ Op cit *Magyar Statisztikai Zsebkönyv 2000*.

⁷ *Jane's Sentinel*, www.janes.com.

⁸ *The Defence Industry in East-Central Europe: Restructuring and Conversion*, Yudit Kiss (SIPRI-OUP 1997), p 2, p 11, p 14.

Hungary's defence industry lost its main markets: the Soviet Union and the Warsaw Pact countries. The defence industry also lost its domestic market since defence procurement expenditure diminished substantially as a direct consequence of the dramatic downsizing of the Hungarian armed forces. In the last ten years, the value of Hungarian defence production has dropped from HUF21 billion (\$43.7 million) to HUF9 billion (\$32.8 million), and the workforce of 18,000–20,000 employees to only 1,500–1,600.⁹ In 1993, companies in the defence sector formed the Hungarian Defence Industry Association in an effort to ensure the industry's survival in the post-communist era and to develop systems able to meet the country's defence requirements.¹⁰

After the collapse of the USSR in 1991, Hungary developed close links with Western countries. A frontrunner in the future enlargement of the EU, Hungary joined NATO in 1999 and is continuing to focus on European integration as its primary foreign policy goal.¹¹ NATO accession had immediate repercussions on the country's arms procurement policy and more generally on the defence industry. Recognising in 1999 that after a decade of post-Cold-War funding cuts the Hungarian Defence Force was "facing a crisis of readiness and deployability" and that "the problems affecting the military [had] passed the critical level";¹² in June 2000 the Hungarian Parliament approved a ten-year defence plan to restructure and reorganise the armed forces and make them more mobile and NATO-compatible.¹³

The overall spending on defence technology and equipment is expected to rise at least 300 percent to some 25–30 percent of the defence budget. Companies, especially electronics companies, hope to benefit from a NATO 'compatibility package' aimed at upgrading Hungary's command, control and communications systems. However, some defence companies have expressed concern that the structure of reforms will delay high profile tenders until the beginning of 2006. From another perspective, public support for the reforms is also somewhat limited; the increased defence spending has drawn criticism from the extreme right and left who feel that Hungary's "myriad socio-economic problems are a greater priority".¹⁴

The government has made certain moves to aid defence production. As an official in the Ministry of Economy commented, military industry must not be "buried", and the ministry has developed a medium-term strategy to stabilise the sector, including financial support.¹⁵ In addition, 200 companies have applied to be certified as Security Investment Programme suppliers in other NATO countries. This represents an opportunity for Hungarian firms to win contracts as subcontractors and service providers. However, so far Hungarian firms have gained little from Hungary's accession to NATO – only the clothing, small arms and related ammunition for the Hungarian Army are manufactured domestically.¹⁶

Hungary plans to boost industry exports through offset accords, which can be designed to guarantee industrial co-operation with countries that supply Hungary with military equipment, military technical agreements with foreign partners and engaging in greater promotion abroad. The extended decision-making process over the Hungarian Air Force's fleet of planes reflects this, surrounded as it was by various suggestions, some favouring modernisation of Budapest's ageing fleet of MiG-29s, some in favour of buying new NATO-compatible aircraft.¹⁷ The outcome is a product of economic, military and strategic concerns, which takes into consideration Hungary's new affiliation to NATO, the Ministry of Defence's financial constraints and

⁹ 'NATO membership did not help the situation of the military industry' [in Hungarian], Bela Szilagyi, *Budapest Magyar Hirlap*, 8 November 2001, source: David Isenberg's Weapons Trade Observer.

¹⁰ 'Industry seeks larger order book', *Jane's Defence Weekly*, 5 July 2000.

¹¹ 'Interview: Janos Szabo, Hungarian Minister of Defence', *Jane's Defence Weekly*, 6 January 1999.

¹² Ministry of Defence strategic defence review 1999; 'Sweeping Changes', *Jane's Defence Weekly*, 5 July 2001.

¹³ Op cit *Jane's Defence Weekly*, 5 July 2001.

¹⁴ Op cit *Jane's Defence Weekly*, 6 January 1999.

¹⁵ Op cit Szilagyi.

¹⁶ Ibid.

¹⁷ 'Hungary opts for F-16s and drops MiG update plan', *Jane's Defence Weekly*, 21 February 2001; 'Hungary to decide on future of MiGs', *Jane's Defence Weekly*, 6 September 2000.

the government's need to encourage domestic industry. Hungary is to lease 14 Gripen JAS 39 fighter aircraft for 12 years from the Swedish Government, at a cost of HUF130–140 billion (\$479–516 million).¹⁸ Sweden is prepared to offset 110 percent of HUF108 billion (\$400 million) value of the lease, ie the promised offset package will be the equivalent of the value of the actual lease, plus an additional 10 percent; 30 percent of the nine-year package will be re-invested in Hungary and the remainder in the form of Hungarian exports to Sweden and other countries.¹⁹ With the signing of the lease in December 2001, Swedish investment is calculated at 48 million euros for the first nine years of the contract, an investment that is expected to create 9,000 jobs.²⁰

3.2 Normative and regulatory framework

3.2.1 Commitments to international control regimes

| Legally and politically binding commitments undertaken by Hungary | Year |
|---|--------------------|
| Nuclear Non-proliferation Treaty | 1969 ²¹ |
| Nuclear Suppliers Group | 1985 |
| Zangger Committee | 1974 |
| Chemical Weapons Convention | 1997 ²² |
| Biological Weapons Convention | 1972 |
| Australia Group | 1993 |
| Wassenaar Arrangement | 1995 |
| Conventional Forces in Europe Treaty | 1991 |
| Ottawa Landmine Convention | 1998 ²³ |
| EU Code of Conduct | 1998 |
| EU Joint Action on Small Arms and Light Weapons | 1998 |
| OSCE Criteria on Conventional Arms Transfers | 1993 |
| OSCE Document on Small Arms and Light Weapons | 2000 |

3.2.2 Legislation governing arms production and export

The legal basis for arms export controls and the licensing policy is provided by government Decree No 61/1990 on Licensing the Trade of Some Internationally Controlled Products and Technologies and Decree No 48/1991 on the Export, Import and Re-export of Military Equipment and Services.²⁴ The decrees have been amended several times over the past years to reflect the legally and politically binding commitments Hungary has undertaken.

Under Article 5 of Decree No 48, the import, export or re-export of military products can only be licensed if the transaction does not contradict the provisions of the constitution, Hungary's international obligations or the country's foreign policy, national defence or national security interests. No licence may be granted for the sale of military equipment to: countries involved in armed conflicts; countries where the emergence of armed conflicts that could threaten international peace and security may be expected; countries where the UN has summoned the affected parties to settle the dispute; or countries for which the UN has decreed an embargo on the supply of arms.

In accordance with this decree, internationally controlled goods and technologies can be imported into and exported from Hungarian territory only with an official

¹⁸ 'Hungarian cabinet approves Gripen purchase', Hungarian News Agency *MTI*, 21 November 2001.

¹⁹ *Ibid.*

²⁰ 'Swedish firms to create 9,000 jobs in exchange for Gripen contract', excerpt from report by *Budapest MTV 2*, 20 December 2001.

²¹ Date ratified.

²² Date ratified.

²³ Date ratified. Hungary has completed the destruction of its antipersonnel mines stockpile, and hosted international meeting on destruction with Canada. 'Landmine Monitor Report 2001', *Landmine Monitor*, www.icbl.org/lm/2001/exec/, Executive Summary.

²⁴ Government decrees regulating the foreign trade of arms and their amendments are published in the Hungarian Official Gazette [*Magyar Kozlony*].

certificate or licence. The List of Controlled Items (including equipment and technologies) is subject to systematic revision. The current list contains all the items covered by the control lists of the WA, the Missile Technology Control Regime (MTCR), the AG, the NSG and the dual-use list of the EU. The list is updated every year in order to reflect developments in the non-proliferation regimes. The national control list goes beyond the internationally agreed scope of controlled goods in some areas, including such products as sports guns and intelligence devices. The Hungarian regulatory system also enables the competent authorities to apply so-called 'catch-all' controls and control over intangible technology transfers, eg military product designs.

Section 287 of the Penal Code makes it a criminal offence to violate the provisions concerning trade in internationally controlled goods and technologies. Offenders can be punished by up to five years imprisonment. Violating companies can be stripped of their Licence for Activity, thus preventing them from involvement in foreign trade.

3.2.3 The decision-making process and administrative structure for policy implementation

The current licensing system consists of three tiers: a Licence for Activity, which authorises the specified persons to engage in foreign trade; a Licence for Negotiation authorising the company to start negotiation on the transfer of arms, as well as to make and receive bids; and an Individual Export Licence, which authorises the export of arms and is effective for six months. In 1999, 91 licences were granted for activities related to the defence sector, 654 for negotiations and 514 for arms transfers. Licences are issued by the Licensing Office of the Ministry of Economic Affairs²⁵ in accordance with specific country-related commercial policy guidelines elaborated by a Military Interagency Committee (MIC). The MIC includes representatives (political state secretaries) of the Ministries of Defence, Foreign Affairs, Economic Affairs and the Civil National Security Services, and meets every six months or as often as necessary.

Although each export licence application is assessed on a case-by-case basis, preferential treatment is given for exports to the member countries of the four non-proliferation regimes of which Hungary is a member (the AG, MTCR, NSG and the WA). In case of export to other destinations, it is mandatory for the exporting company to provide the licensing authority with a Statement of Ultimate Consignee and Purchaser signed by the end-user and/or an International Import Certificate issued by the government of the importing country. Unless one or both documents are supplied, the authorisation for export is denied. The exporter is also responsible for checking the reliability of any middleman or agent that receives the goods prior to delivery to the final end-user.

There are no lists of 'forbidden', or 'rogue' states in the Hungarian system.

3.2.4 Government guidelines and official policy on small arms and light weapons

The export of SALW, including surplus stocks, is subject to the same export control procedures that apply to all other weaponry. Weapons superfluous to the needs of the armed forces are currently under the control of the State Privatisation and Asset Managing Agency (APVRT). Methods of responsible disposal of these surplus stocks are determined, just as in the case of trade activities, by interagency procedures. In 2001, a comprehensive review of the relevant national legislation and procedures was initiated in areas such as arms production, marking, record-keeping, stockpile management and holding in order to make all these regulations compatible with the international commitments undertaken by Hungary.

In November 2000, a pilot roundtable, hosted by the Hungarian Ministry of Foreign Affairs, the Szeged Centre for Security Policy and Saferworld was held in Szeged, Hungary. Participants at 'Szeged I' agreed that one of the next steps should be the

²⁵ In 1998 the Ministry of Economy replaced the Ministry of Industry and Trade.

development of a comprehensive and coherent action programme to tackle small arms diffusion in South Eastern Europe in the context of the Stability Pact for Southeastern Europe. Thus, an informal process was initiated which became known as the ‘Szeged Small Arms Process’. A year later in September 2001, the ‘Szeged II’ roundtable allowed participants to give feedback on a draft of the Stability Pact’s own Regional Implementation Plan (RIP) for SALW, and ideas were outlined for action to support the RIP and other arms control initiatives in the region. The Hungarian MFA co-hosted both Szeged roundtables and has both supported and promoted the Szeged Small Arms Process in various international fora, including the UN Prep Com,²⁶ and the Stability Pact.²⁷ The Hungarian Government also continues to support civil society arms control initiatives and recommendations through its participation in relevant EU committees.

3.3 Transparency and public accountability

An annual report on arms exports must be submitted to the National Defence, the Foreign Affairs and the National Security Committees of the parliament. It is the responsibility of the Administration Office of the Ministry of Economic Affairs to prepare the report, which contains:

- Guidelines and recommendations by the MIC concerning trade in military goods
- An overview of the Military Technology Operative Committee’s activities
- An overview of the licences issued in accordance with the Government Decree No 48, including the authorisations for production, negotiations and trade
- Statistical data on arms exports and imports, including the geographic distribution and the categories of goods

This report has not been made public.

3.4 Arms production

According to a 1999 report by the Ministry of Economic Affairs, there are about 60 arms industry-related companies operating in Hungary. Dr Géza Péter Kovács, chairman of the Defence Industry Association, comments that of these 60, only about ten are true defence companies (these account for more than 90 percent of the industry’s turnover) and only ten to fifteen companies consistently receive orders from the Ministry of Defence in any single year.²⁸ By 1998, only fifteen companies remained in majority state ownership, nine of them supervised by the Ministry of Defence. Béla Takács, head of the defence and military industry section of the Hungarian Ministry of Economic Affairs, commented that it is “no accident” that out of the nine state-owned companies, the four companies under Ministry of Defence ownership receive many of the Ministry of Defence’s orders: *Jane’s Defence Weekly* estimates that “the Hungarian state will make about HUF16 billion (\$58 million) in purchases [in 2000], a figure that represents about 8 percent of the Ministry of Defence’s total budget”.²⁹

The Hungarian arms industry’s most important products include light weapons, ammunition, military trucks, communication equipment, transport vehicles and repairing and maintenance services.

Danubian Aircraft Co (Dunai Repülőgépgyár RT) was formed in July 1992 as part of the

²⁶ Preparatory meetings for the UN Conference on ‘the Illicit Trade in Small Arms and Light Weapons in All Its Aspects’, New York, 2001.

²⁷ Support from the Hungarian Government resulted in the first ever invitation for an NGO, Saferworld, to take part in the fifth meeting of Working Table III in Budapest, November 2001.

²⁸ Op cit *Jane’s Defence Weekly*, 5 July 2000.

²⁹ Ibid.

process of privatisation of the state aircraft overhaul facilities (*Pestvidéki Gepgyár*). It is the largest defence company in Hungary, maintaining, overhauling and modifying Hungary's Soviet-era MiG-21 aircraft, in addition to Hungary's Mi helicopters (Mi-2, Mi-8, Mi-17 and Mi-24) and Aero Vodochody L-39 aircraft. Danubian also negotiated a contract to support the Swedish Gripen aircraft during the preparation of the Swedish bid to the Hungarian Government, and it is likely that the company will now be involved in the military's 12-year lease of 14 fighter aircraft.³⁰

Csepel Motor Vehicle Plant produces a range of military trucks (4 x 2, 4 x 4, 6 x 6 and 8 x 8), while *GEPFET Ltd* is the design and production company responsible for the production of the Szöcske, a new fast-attack vehicle. Several Hungarian firms specialise in advanced electronics or computer technology: *Aviatronic Ltd*, *FMV Finommechanikai Rt*, *MIKI Inc*, the Ministry of Defence *ED Co*, *ORION Co Ltd*, *RADIANT Rt*, *SOFTSELL Kft*, *TELETECHNIKA Kft*, *TKI – INNOVÁCIÓS Rt*, *TOTALTEL Telecom Techniques Ltd*, *VIDEOTON-MECHLABOR Kft* and *VT Rendszertechnika Kft*.

3.4.1 Small arms and light weapons production

The largest and most significant small arms producer in Hungary is the *FÉG* company (*Fegyvergyártó Kft*) owned by the APVRT.³¹ The company produces the 7.62mm AMD-65 assault rifle, hunting rifles, the 9mm KGP Parabellum submachine gun, the 7.65/9mm Model 63 pistol and a range of pistols based on the Browning HP 9mm for Hungary's military and police forces and for a number of foreign clients. *VIDEOTON Technika Foreign Trade Company* manufactures 5.56mm NGM assault rifles and 12.7 sniper rifles for export. *Bátori Épszol* produces rifles and accessories for military use, and 14.5mm calibre Magnum-type weapons developed with the Hungarian Army's Institute of Military Technology. *Bátori* also manufactures hand grenade and anti-tank mine parts.

Nike-Fiocchi, a joint venture between the Hungarian company *Nitrokémia* and the Italian *Fiocchi Munizioni*, develops and manufactures small arms ammunition for civilian hunting and sporting purposes and hand and rifle grenades for military use. In July 2000, Péter Szabo, the firm's director, stated that the company had plans to sell its defence manufacturing units soon because of a lack of Ministry of Defence orders.³²

Other small arms ammunition and explosive producers include: the *Hungarian State Arsenals*, which produces hand grenades and ammunition from 9 to 14.5mm. *MSF Magyar Lőszergyártó*, which produces small arms ammunition for military and civilian use; and *MM Mechanical Works Co*, producing artillery and mortar ammunition and hand and rifle grenades.

3.5 Arms exports

The main characteristics of the Hungarian arms trade in the 1990s were low-level sales, accompanied by a tendency towards further decline. In monetary terms, annual exports of military goods over the last seven to eight years, amount to an average of some \$24 million (\$34.4 million in 1994 and \$17.2 million in 2000). These data also show that in the last few years the volume of exports has continued to decrease even in comparison with the levels of the mid-1990s. In terms of geographical distribution, approximately half of Hungary's military exports are to European countries, and one-third to Asian countries. Since the country joined NATO, the main buyers of its military exports have also changed: currently NATO countries are the recipients of nearly half Hungarian military exports.

³⁰ See section 3.1.

³¹ 'Small Arms Survey 2001 – Profiling the Problem', The Small Arms Survey, Graduate Institute of International Studies in Geneva, (OUP 2001), p 37.

³² Op cit *Jane's Defence Weekly*, 5 July 2000.

Hungary has also been trying to offload a range of Russian-made military vehicles and missiles it received in 1996 as a part exchange against Russian debt to the country. The Russian authorities, however, are delaying the issue of a re-export permit, which is necessary if Hungary is to sell the equipment on and raise money for the acquisition of more up-to-date NATO-compatible materiel.³³

Due to relatively efficient licensing regulations and procedures, Hungary can be considered a 'responsible arms exporter'. However, weapons of Hungarian origin have been transferred to proscribed users: for example, Hungarian-made weapons were found among an arsenal, including Katyusha rockets and SA-7 Strela anti-aircraft missiles, destined for Palestinians in the Gaza Strip and seized by the Israeli Navy in May 2001.³⁴ Cases of illegitimate or 'grey' transfers of SALW have also slipped through the legislative and law enforcement net (See section 3.5.1).

SIPRI data show that between 1993 and 1996 Hungary exported the following major weapons:

Hungarian Exports of major conventional weapons by recipient country, 1993–2001

Table created by Pieter Wezeman (SIPRI) for Saferworld, 23 November 2001³⁵ () Uncertain data or SIPRI estimate

| Recipient Country | No ordered | Weapon designation | Weapon description | Year of order/licence | Year(s) of deliveries | No delivered/produced | Comments |
|-------------------|------------|--------------------|--------------------|-----------------------|-----------------------|-----------------------|--|
| Angola | 7 | BMP-2 | IFV | (1993) | 1993 | 7 | Ex-Hungarian Army; sold via Czech Republic |
| Ethiopia | 4 | Mi-8T/Hip-C | Helicopter | 1997 | 1997 | 4 | |
| Peru | 4 | Mi-8T/Hip-C | Helicopter | (1992) | 1993–95 | 4 | For Navy |

3.5.1 Small arms and light weapons exports

The Hungarian Government imposes relatively tight controls over transfers and sales of small arms and light weapons, reporting to the relevant international control regimes on a regular basis.³⁶ However, there have also been cases of dubious practice in the SALW trade. One such a case occurred in April 1999 when the customs authorities of Moldova confiscated 5,000 Hungarian-made pistols carried by a Ukrainian cargo plane. The original flight plan followed a route from Budapest on to Chisinau, Moldova, followed by a stop over in Bulgaria and finally on to Yemen, where the weapons would have been transferred to the Yemeni Defence Ministry. However, the cargo was impounded because the airport authorities feared that the end-user certificate was false and the final destination of the guns was Yugoslavia.³⁷

3.5.2 Arms fairs and exhibitions

The Central European Defence Equipment and Aviation Exhibition (C+D), held in Budapest every two years,³⁸ includes exhibitors offering a full range of land forces equipment and small arms. Hungarian defence companies also participate in arms exhibitions abroad.

³³ 'Hungary to sell Russian-made armoured vehicles, missiles', *Agence France Presse*, www.defense-aerospace.com/, 10 April 2001.

³⁴ 'Navy captures boat full of weapons bound for Gaza', David Rudge, *Jerusalem Post*, 8 May 2001.

³⁵ This register lists major weapons on order or under delivery, or for which the licence was bought and production was under way or completed during 1993–2001.

³⁶ For example, in 2000, Hungary reported to the UN that it had exported 30 120mm mortars to Bulgaria during 1999.

³⁷ 'Small Arms Survey 2001 – Profiling the Problem', *The Small Arms Survey*, Graduate Institute of International Studies in Geneva, (OUP 2001), p 176.

³⁸ Organised by HUNGEXPO, the last exhibition took place on 27–30 November 2001.

3.6 Conclusions

In comparison with some neighbouring countries, Hungary's arms production and export levels are relatively low. In recent years, Hungary has put in place reasonably efficient export control mechanisms designed to prevent the transfer of all categories of conventional weapons to conflict areas. As a consequence, no direct transfers of arms to sensitive destinations have been detected since 1997. Even so, there are cases that have triggered investigation and clarification procedures both in national and international frameworks.

The Hungarian political authorities have reiterated on numerous occasions their commitment to fully co-operate with the competent authorities of other countries and with relevant international organisations in tackling the proliferation of conventional weapons. Due to its geographical proximity to the Balkans where small arms are widely available, Hungary has given priority to enhancing co-operation at the regional level to tackle the small arms diffusion in the region.

Although a report on arms exports is submitted to relevant parliamentary committees every year, Hungary has yet to establish public annual reporting which would enhance democratic accountability of the government's arms export policy.

| Company | Arms Fair | | | | | | | | | | | | | |
|--|----------------------------------|-----------------------------|-----------------|---------|---------|-------|----------|----------|--------|-------------------|---------|---------------|-----------|-----|
| | Africa Aerospace & Defence | Defence Services Asia | Euro- Satory | Expomil | FIDAE | Hemus | Ideas | IDEF | IDET | IDEX | Milipol | MSPO/ IDIE | Shot Show | |
| Canuvia | South-Africa | Greece | Malaysia | France | Romania | Chile | Bulgaria | Pakistan | Turkey | Czech Republic | UAE | France | Poland | USA |
| DSR Kft | | | | | | | | | 1997 | 2001 | | | | |
| Ferunion | | 1990 | | | | | | | | | | | | |
| Landimex Ltd | | | | | | | | | 1997 | | | | | |
| Miki | | | | | | | | | 1997 | | | | | |
| Technika (Hungarian Foreign Trading Co Ltd) | | 1990 | | | | | | | | | | | 1995 | |

Note: This table only provides an illustration of the companies that have attended a selection of MSP exhibitions (Military, Security, Police) between 1990 and 2001. It does not provide a totally comprehensive list of companies or exhibitions. Many companies will have attended other exhibitions and may have attended the selected exhibitions in different years.
Table provided by the Omega Foundation.

3.7 Appendices

3.7.1 Appendix 1

Government Decree 48/1991. (III. 27.) on the exportation, importation and re-exportation of military equipment and services

Persuant to authorisation according to Article 29 of Act III of 1974 on Foreign Trade and in accordance with Article 5 of Government Decree 112/1990. (XII.23.) on the exportation and importation of commodities, services and valuable rights, the Government orders the following:

Article 1.

- (1) Military equipment and service (hereinafter jointly referred to as 'military product') as applied by this Decree refers to the pieces of equipment as defined in the Annex, their neutralised variants and their mock-ups, the technological know-how and documentation of production, operation and repair of related equipment, as well as services related therefor, including commission work, maintenance, repair, quality testing, technological design of the product, as well as training on operation and use.
- (2) The importation and exportation of military product into and from the customs area of the Republic of Hungary, and the performance of re-export related activities by Hungarian natural and legal persons, furthermore agency, representation and re-export related activities outside of the customs area of the Republic of Hungary aspired by entities lacking legal incorporation, may be carried out only by those holding licence for trading, licence for negotiation and licence for entering into contract. For the application of this Decree, customs area means the area according to Article 3 of Act C of 1995 on Customs law, customs procedures, and customs administration, including customs free areas but excluding transit areas.
- (3) The licence shall be issued by the Ministry of Economic Affairs, Bureau of Licensing and Registration (hereinafter referred to as the Bureau) on the basis of the relevant resolution of the Interministerial Military Operational Committee (hereinafter referred to as the Committee). The licence may be issued for a specified period and may be made subject to specific conditions. A licence for negotiation and licence for entering into contract may be applied for only by those holding a licence for trading.

Article 2.

- (1) The members of the Committee shall be persons appointed by the ministers of Internal Affairs, National Defence, Economic Affairs, Foreign Affairs, Finance, and by the minister without portfolio in charge of the Civil National Security Services. The Committee shall have as chairman the deputy Secretary of State of the Ministry of Economic Affairs and its secretary shall be appointed by the minister of Economic Affairs.
- (2) The Committee member appointed by the minister of Internal Affairs shall give his opinion on matters related only to the importation of military product.
- (3) The Committee may involve in its work representatives of the ministries and of organisations having national competence.
- (4) For making a decision, the Committee shall have full agreement of all the members. If no agreement is reached, the Bureau shall refuse the application, except if the lack of agreement is connected with provisions in the country-related guidelines. In that case the Committee shall refer the application for taking a stand on to the Interdepartmental Committee of Military Engineering, as defined in Article 2/A. The Committee shall give no reasons for its decisions.

Article 2/a.

- (1) The country pattern guidelines connected with the importation, exportation and re-exportation of military product – which guidelines shall duly be taken account of by the Committee when making decisions – are to be established by the Interdepartmental Committee of Military Engineering (hereinafter referred to as ICME).
- (2) ICME shall include as members the political secretaries of state of the Ministry of Internal Affairs, the Ministry of National Defence, the Ministry of Economic Affairs, and the Ministry of Foreign Affairs, as well as the person appointed by the minister without portfolio in charge of the Civil National Security Services. The chairman of ICME shall be appointed from among its members by the Prime Minister. The secretary of ICME shall be appointed by the minister of Economic Affairs with approval of the minister of Foreign Affairs.
- (3) ICME shall hold its meetings as may be necessary, but once in every six months at least. The chairman of the Committee may, in justified cases, request ICME out of order to make its stand known. ICME shall itself establish its rules of procedure.

Article 3.

- (1) Within the period of validity, a licence for trading may be issued on a case-by-case basis or may have partial or full validity.
- (2) A licence may be issued only to a legal entity, business organisation without incorporation, private entrepreneur or budget organisation (hereinafter jointly referred to as the firm) which has been

entered by the Court of Registry in the Firm Registry or has been recorded in the Registry of Budget Organisations.

- (3) An application for licensing the activity to be submitted to the Bureau shall be accompanied by an authentic copy of the entry into the Firm Registry, the bank information issued by the principal banker, and a declaration by the chief executive of the firm confirming that the firm has at its command the personnel and professional conditions necessary for engaging in the trade of military products as well as the conditions prevailing for the observance of secrecy and safety regulations.
- (4) The firm may not engage in preparatory activities (market research, making offers, preparatory negotiations etc.) connected with the importation, exportation or re-exportation (hereinafter jointly referred to as foreign trade) of military product as long as it is not in possession of the licence for trading.
- (5) A firm in possession of the licence for trading but undergoing a liquidation procedure may carry out its contracts concluded before the date of the start of the liquidation but may not conclude new contracts and may not engage in new negotiations.

Article 3/a.

- (1) The preparation of a foreign trade contract of military products is subject to the firm holding a licence for negotiation. Making an offer may not form part of the process of preparation.
- (2) The application for the issuance of a licence for negotiation shall be submitted to the Bureau in duplicate, using therefor the official form. The licence for negotiation shall ensure a six months' period for the applicant to concern himself with the preparation of the contract.
- (3) The budget organisations holding a licence for trading are exempted from the obligation to apply for a licence for negotiation regarding procurements through their own procurement organisation for their own purposes and to the debit of their own budget.

Article 4.

- (1) The application for concluding a contract shall be submitted in quadruplicate to the Bureau.
- (2) The submission of an application for licence to entering into contract on foreign trade of military product shall be subject to the condition that the domestic seller or re-exporter be in possession of the buyer's user or end-user certificate. It is the seller's or re-exporter's obligation to verify the buyer's or a possible go-between's (agent's) reliability.
- (3) The application for the importation of military product shall include identification of the end-user or the domestic addressee's end-user declaration.
- (4) A foreign trade contract – preliminary contract included – of military product may be concluded only after receipt of the licence for entering into contract.
- (5) The firm shall, within three working days, inform the Bureau on the conclusion of a foreign trade contract of military product.

Article 5.

- (1) The foreign trade licensing of military product is subject to the condition that the transaction shall violate no provision of the Constitution and no obligation of the Republic of Hungary committed to in international treaties and shall not be contrary to the country's foreign policy, national defence and national security interests.
- (2) According to the Committee's stand, no licence may be provided for the sale of military products to
 - (a) countries which are the scene of armed conflicts,
 - (b) countries where the outbreak of armed conflicts threatening international peace and security are imminent, where the UN Security Council summoned by a resolution called on the affected parties to settle their debates through peaceful negotiations or where it has ordered an embargo on the delivery of weapons.

Article 6.

According to the Committee's stand, the licence may be withdrawn or the implementation may be prohibited prior to the delivery if a change occurs in the circumstances due to which the fulfilment of the contract comes up against the provisions as specified in Article 5.

Article 7.

An unlicensed contract on the foreign trade of military product shall be considered, on the basis of Article 200 (2) of the Civil Code, as null and void.

Article 8.

- (1) The issuance of the licences required according to this Decree shall not exempt the applicant from the obligation to acquire permissions required by other legal rules and to observe the reporting regulations.
- (2) In case firms holding the licence for trading are wound up with a legal successor following them, the legal successor may continue the activity only after the repeated acquisition of the licence for trading.
- (3) In case an ownership change exceeding a 25 percent share occurs in a business organisation holding a licence for trading, such activity may be continued only after a repeated submission and judgement of application. The leading executive of the firm holding the licence is obliged to

report within eight days the change in ownership to the Bureau and may apply within this same period for a renewal of the licence for trading.

The firm may fulfill its contracts concluded prior to the change in ownership in excess of 25 percent, however, it cannot conclude new contracts and cannot engage in new negotiations before the judgement of its applications for a licence for negotiation and a licence for entering into contract submitted after the change referred to.

Article 9.

- (1) On the basis of the relevant stand of the Committee, the Bureau shall withdraw the licence if following its issuance a change has occurred in view of which the application should be refused or if the firm violates the provisions of this Decree, the conditions laid down in the licence, or the regulations applying to foreign trade.
- (2) Information on the foreign trade of military products may only be provided by persons duly authorised therefor. Authorisation may be given by the chairman of the Committee or the Committee.

Article 10.

- (1) The Committee shall periodically, but at least once a year, report on the implementation of this Decree to the National Defence, Foreign Affairs and National Security Committees of the National Assembly.
- (2) The Committee shall elaborate its rules of procedure within 45 days from the date of the publication of this Decree. In its rules of procedure the Committee shall specify the scope of transactions regarding which the Bureau shall be authorised to issue licences for entering into contract without consulting the Committee.

Article 11.

- (1) The procedure falling under the provisions of this Decree shall be subject to the provisions of Act IV of 1957 on the general rules of public administration procedures with the specification that 90 days be the period of judgement relating to an application.
- (2) The Bureau, the Committee and the Customs and Excise Authority shall be entitled to monitor the activity covered by this Decree as well as to control the observance of the conditions laid down in the licence.
- (3) The Committee and the Bureau shall be entitled to treat the data and particulars contained in the application and the licence.

3.7.2 Appendix 2

Attachment to the Government Decree 48/1991.(III.27.) “on the exportation, importation and re-exportation of military equipment and services”

Chapter I

Arms, automatic weapons and accessories, as follows, and specially designed components therefor:

- a. Rifles, carbines, revolvers, pistols, machine pistols, machine carbines, light machine guns and machine guns:

except: (does not control the following):

1. Muskets, rifles and carbines manufactured earlier than 1938;
2. Reproductions of arms, revolvers, pistols, machine pistols, the originals of which were manufactured earlier than 1890;

- b. Weapons using caseless ammunition;

- c. Silencers, special gun-mountings, magazines, clips, belts, flash suppressers, bayonets, military binoculars/weapons sights, for arms controlled by **sub-items: a., b.**

Note: Controlled items are: (according to sub-item: a.)

Smooth-bore weapons designed for civilian use, such as hunting- and sporting guns, Signal pistols, firearms specially designed for dummy ammunition, weapons using non-centre fire cased ammunition.

Chapter II

Weapons with large calibre, projectors and accessories, as follows, and specially designed components therefor:

- a. Guns, howitzers, cannon, mortars, anti-tank weapons, projectile launchers, military flame throwers, recoilless rifles and signature reduction devices, explosive devices and adjustment equipments therefor;

Note: This sub-item includes injectors, metering devices, storage tanks and other specially designed components for use with liquid propelling charges for any of the equipment controlled under: a.

- b. Military smoke-, gas- and pyrotechnic projectors and generators.

Chapter III

High velocity kinetic energy weapon systems and related equipment, as follows, and specially designed components therefor:

- a. Kinetic energy weapon systems specially designed for destruction or effecting mission-abort of a target;
- b. Specially designed test and evaluation facilities and test models, including diagnostic instrumentation and targets, for dynamic testing of kinetic energy projectiles and systems.

Note:

1. *includes the following when specially designed for kinetic energy weapon systems:*
 - a. *Launch propulsion systems capable of accelerating masses larger than 0.1 g to velocities in excess of 1.6 km/s, in single or rapid fire modes;*
 - b. *Prime power generation, electric armour, energy storage, thermal management, conditioning, switching or fuel-handling equipment; and electrical interfaces between power supply, gun and other turret electric drive functions;*
 - c. *Target acquisition, tracking, fire control or damage assessment sub-systems;*
 - d. *Homing seeker, guidance or divert propulsion (lateral acceleration) sub-systems for projectiles.*
2. *controls weapon systems using any of the following methods of propulsion:*
 - a. *Electromagnetic;*
 - b. *Electrothermal;*
 - c. *Plasma;*
 - d. *Light gas; or*
 - e. *Chemical (when used in combination with any of the above).*
3. *does not control “technology” for magnetic(induction) propulsion.*
4. *weapon systems using sub-caliber ammunitions and only chemical combustible fuels are controlled under Chapter I., II. or IV.*

Chapter IV

Ammunition, and specially designed components therefor, for the weapons controlled by Chapter I., II. and III.

Note: Specially designed components include:

- a. *Metal or plastic fabrications such as primer anvils, bullet cups, cartridge links, rotating bands and munitions metal parts;*

- b. *Safing and arming devices, fuses, sensors and initiation devices;*
- c. *Power supplies with high one-time operational output;*
- d. *Combustible cases for charges;*
- e. *Submunitions including bomblets, minelets and terminally guided projectiles.*

Chapter V

Bombs, torpedoes, rockets, missiles and related equipment and accessories, as follows, specially designed for military use, and specially designed components therefor:

- a. Bombs, torpedoes, grenades, hand grenades, smoke canisters, rockets, mines, missiles, depth charges, demolition-charges, demolition-devices and demolition-kits, "military pyrotechnics" cartridges and simulators (i.e. equipment simulating the characteristics of any of these items);

Note: **sub-item: a.** includes:

- 1. *Smoke grenades, incendiary bombs and explosive devices;*
- 2. *Missile rocket nozzles and re-entry vehicle nosetips.*

- b. Equipment specially designed for the handling, control, operation, powering with one-time operational output, launching, activation, laying, sweeping, discharging, decoying, detonation or detection of items controlled by **sub-item: a.**

Note: **sub-item: b.** includes:

- 1. *Mobile gas liquefying equipment capable of producing 1,000 kg or more per day of gas in liquid form;*
- 2. *Buoyant electric conducting cable suitable for sweeping magnetic mines.*

Chapter VI

Fire control, and related alerting and warning equipment, and related systems, as follows, specially designed for military use, and specially designed components and accessories therefor:

- a. Target acquisition equipment, bombing (weapon sights) control computers, gun laying equipment and on-board weapon control systems,
- b. Target acquisition, designation, optical range-finding, surveillance or tracking systems; detection, recognition or identification equipment; and sensor integration equipment

Chapter VII

Ground vehicles and components therefor specially designed or modified for military use.

Technical Note

Modification of a ground vehicle for military use entails a structural, electrical or mechanical change involving one or more specially designed military components

- a. *Tanks and other self-propelled military vehicles for launching of munitions,*
- b. *armed armoured vehicles or vehicles fitted with mountings for arms,*
- c. *armoured railway wagons,*
- d. *half-track vehicles,*
- e. *technical emergency and rescue vehicles,*
- f. *vehicles specially designed for gun towing,*
- g. *Amphibious and deep-water fording vehicles,*
- h. *Military mobile workshops,*
- i. *Any other types of vehicle designed for military use.*

Note:

- 1. *controlled parts and components of equipment under Chapter VII: include:*
 - a. *Pneumatic tyre casings of a kind specially designed to be bullet-proof or to run when deflated;*
 - b. *Engines and power transmission systems specially designed or modified for military use vehicles, listed in sub-items: a. – i.,*
 - c. *Tyre inflation pressure control systems, operated from inside a moving vehicle specially designed or modified for military use;*
 - d. *Enforced suspensions for off-road mobility especially designed or modified for military use.*
- 2. *controlled vehicles under sub-item: i. include: tank transporters, full-tracked amphibious cargo vehicles, high speed towing tractors, heavy artillery transport vehicles, bridge laying vehicles, air cushion vehicles and special bulk refuel vehicles.*

Chapter VIII

Chemical or biological toxic agents, "tear gases", related equipment, components, materials and "technology" as follows:

- a. Biological agents and radioactive materials "adapted for use in war" to produce casualties in humans or animals, degrade equipment or damage crops or the environment, and chemical warfare (CW) agents;

- b. CW binary precursors and key precursors,
- c. “Tear gases” and “riot control agents”;
- d. Equipment specially designed or modified for the dissemination of the materials or agents controlled by **sub-item: a.** and specially designed components thereof;
- e. Equipment specially designed for defence against materials controlled by **sub-item: a.** and specially designed components thereof;
- f. Equipment specially designed for the detection or identification of materials controlled by **sub-item: a.** and specially designed components thereof;
- g. “Biopolymers” specially designed or processed for the detection or identification of CW agents controlled by **sub-item: a.** and the cultures of specific cells used to produce them,
- h. Biocatalysts for the decontamination or degradation of CW agents, and biological systems thereof, as follows:
 - 1. “Biocatalysts” specially designed for the decontamination or degradation of CW agents controlled by **sub-item: a.** resulting from directed laboratory selection or genetic manipulation of biological systems;
 - 2. Biological systems, as follows: “expression vectors”, viruses or cultures of cells containing the genetic information specific to the production of “biocatalysts” controlled by **sub-item: h.** under: 1.
- i. “Technology” as follows:
 - 1. “Technology” for the “development”, “production” or “use” of toxicological agents, related equipment or components controlled by **sub-items: a.–f.**;
 - 2. “Technology” for the “development”, “production” or “use” of “biopolymers” or cultures of specific cells controlled by **sub-item: g.**;
 - 3. “Technology” exclusively for the incorporation of “biocatalysts”, controlled by **sub-item: h.**, under: 1., into military carrier substances or military material.

Note :

- 1. **sub-item: a.** includes the following CW-s:
 - a. O-Alkyl (equal to or less than C₁₀, including cycloalkyl) alkyl (Methyl, Ethyl, n-Propyl or Isopropyl) – phosphonofluoridates, such as: Sarin (GB):O-Isopropyl methylphosphonofluoridate (CAS 107-44-8); and Soman (GD):O-Pinacolyl methylphosphonofluoridate (CAS 96-64-0);
 - b. O-Alkyl (equal to or less than C₁₀, including cycloalkyl) N,N-dialkyl (Methyl, Ethyl, n-Propyl or Isopropyl) phosphoramidocyanidates, such as: Tabun (GA):O-Ethyl N,N-dimethylphosphoramidocyanidate (CAS 77-81-6);
 - c. O-Alkyl (H or equal to or less than C₁₀, including cycloalkyl), S-2-dialkyl (Methyl, Ethyl, n-Propyl or Isopropyl)-aminoethyl alkyl (Methyl, Ethyl, n-Propyl or Isopropyl) phosphonothiolates and corresponding alkylated and protonated salts, such as: VX: O-Ethyl S-2-diisopropylaminoethyl methyl phosphonothiolate (CAS 50782-69-9);
 - d. Sulphur mustards, such as:
 - 2-Chloroethylchloromethylsulphide (CAS 2625-76-5);
 - Bis(2-chloroethyl) sulphide (CAS 505-60-2);
 - Bis(2-chloroethylthio) methane (CAS 63869-13-6);
 - 1,2-bis (2-chloroethylthio) ethane (CAS 3563-36-8);
 - 1,3-bis (2-chloroethylthio) -n-propane (CAS 63905-10-2);
 - 1,4-bis (2-chloroethylthio) -n-butane;
 - 1,5-bis (2-chloroethylthio) -n-pentane;
 - Bis (2-chloroethylthiomethyl) ether;
 - Bis (2-chloroethylthioethyl) ether (CAS 63918-89-8);
 - e. Lewisites, such as:
 - 2-chlorovinylchloroarsine (CAS 541-25-3);
 - Tris (2-chlorovinyl) arsine (CAS 40334-70-1);
 - Bis (2-chlorovinyl) chloroarsine (CAS 40334-69-8);
 - f. Nitrogen mustards, such as:
 - HN1: bis (2-chloroethyl) ethylamine (CAS 538-07-8);
 - HN2: bis (2-chloroethyl) methylamine (CAS 51-75-2);
 - HN3: tris (2-chloroethyl) amine (CAS 555-77-1);
 - g. CW incapacitating agents such as:
 - 3-Quinuclidinyl benzilate (BZ) (CAS 6581-06-2);
- 2. **sub-item: e.** Includes: air conditioning units specially designed or modified for nuclear, biological or chemical filtration.
- 3. **sub-item: a.** does not control:
 - a. Cyanogen chloride;
 - b. Hydrocyanic acid;
 - c. Chlorine;
 - d. Carbonyl chloride (phosgene);
 - e. Diphosgene (trichloromethyl-chloroformate);
 - f. Ethyl bromoacetate;
 - g. Xylyl bromide;

- h. Benzyl bromide;
 - i. Benzyl iodide;
 - j. Bromo acetone;
 - k. Cyanogen bromide;
 - l. Bromo methylethylketone;
 - m. Chloro acetone;
 - n. Ethyl iodoacetate;
 - o. Iodo acetone;
 - p. Chloropicrin.
4. **sub-items: e. and f.** do not control the following:
- a. civilian-designed personal radiation monitoring dosimeters,
 - b. personal respiratory defence equipment specially designed against industrial contaminations, such as smoke and dust in mines, surface excavations and chemical factories, or
 - c. gas masks for civilian use.
5. **in sub-items: g., h/2. and i/3.** described “technology”, cultures of cells and biological systems are exclusive and these sub-items do not control “technology”, cells or biological systems for civil purposes, such as agricultural, pharmaceutical, medical, veterinary, environmental, waste management or in the food industry.

Chapter IX

“Military explosives” initiating compounds, incendiary agents and fuels, including propellants, and related additive substances, precursors and liquid oxidisers, as follows:

- a. Explosives.
- b. Military fuels.
- c. Military pyrotechnics.
- d. High-powered military solid- or liquid fuels, including aircraft fuels specially formulated for military purposes.
- e. Liquid oxidisers comprised or containing inhibited red fuming nitric acid (IRFNA) or oxygen difluoride.

Note:

1. *Military explosives and fuels are materials and compounds, which contain any of the listed materials under A), and meet any of the listed parameters under B), as follow:*

A) materials and substances:

1. *spherical Alu-powder with a particle size of 60 µm or less, manufactured from material with an aluminium content of 99% or more;*
2. *metal fuel particle form whether spherical, atomised, spheroidal, flaked or ground, manufactured from material consisting of 99% or more of any of the following: zirconium, magnesium and alloys of these, beryllium, iron powder produced by reduction of iron oxide with hydrogen with particle size of 3 µm or less, as well boron or boron carbide of 85% purity or higher and particle sizes of less than 60 µm;*

N.B.: all military explosives are controlled containing any of the materials under 1.A) 1. and a.A) 2. independent of being encapsuled in Alu, magnesium, zirconium or beryllium

2. *Perchlorates, chlorates and chromates composited with powdered metal or other high energy fuel components;*
4. *Nitroguanidine (NQ);*
5. *Compounds composed of fluorine and any of the following: other halogens, oxygen, nitrogen;*
6. *Carboranes; decaborane; pentaborane and derivatives thereof;*
7. *Cyclotetramethylenetetranitramine (HMX); octahydro-1,3,5,7-tetranitro-1,3,5,7-tetrazine; 1,3,5,7-tetranitro-1,3,5,7-tetraza-cyclooctane; (octogen, octogene);*
8. *Hexanitrostilbene (HNS);*
9. *Diaminotrinitrobenzene (DATB);*
10. *Triaminotrinitrobenzene (TATB);*
11. *Triaminoguanidinenitrate (TAGN);*
12. *Titanium subhydride of stoichiometry TiH 0.65-1.68;*
13. *Dinitroglycoluril (DNGU, DINGU); tetranitroglycoluril (TNGU, SORGUYL);*
14. *Tetranitrobenzotriazolobenzotriazole (TACOT);*
15. *Diaminohexanitrobiphenyl (DIPAM);*
16. *Picrylaminedinitropyridine (PYX);*
17. *3-nitro-1,2,4-triazol-5-one (NTO or ONTA);*
18. *Hydrazine in concentrations of 70% or more; hydrazine nitrate; hydrazine perchlorate; unsymmetrical dimethyl hydrazine; monomethyl hydrazine; symmetrical dimethyl hydrazine;*
19. *Ammonium perchlorate;*
20. *Cyclotrimethylenetrinitramine (RDX); cyclonite; T4; hexahydro-1,3,5-trinitro-1,3,5-triazine; 1,3,5-trinitro-1,3,5-triaza-cyclohexane (hexogen, hexogene);*

21. Hydroxylammonium nitrate (HAN); hydroxylammonium perchlorate (HAP);
22. 2-(5-cyanotetrazolato) penta amine-cobalt (III) perchlorate (or CP);
23. cis-bis (5-nitrotetrazolato) tetra amine-cobalt (III) perchlorate (or BNCP);
24. 7-Amino-4,6-dinitrobenzofurazane-1-oxide (ADNBF); amino dinitrobenzofuroxan;
25. 5,7-diamino-4,6-dinitrobenzofurazane-1-oxide, (CL-14) or diamino dinitrobenzofuroxan;
26. 2,4,6-trinitro-2,4,6-triazacyclohexanone (K-6 or Keto-RDX);
27. 2,4,6,8-tetranitro-2,4,6,8-tetraazabicyclo [3,3,0]-octanone-3 (tetranitrosemiglycouril, K-55 or keto-bicyclic HMX);
28. 1,1,3-trinitroazetidine (TNAZ);
29. 1,4,5,8-tetranitro-1,4,5,8-tetraazadecalin (TNAD);
30. Hexanitrohexaazaisowurtzitane (CL-20) or HNIW; and chlathrates of CL-20;
31. Polynitrocubanes with more than four nitro groups;
32. Ammonium dinitramide (ADN or SR 12);

B) Explosives and propellants that meet the following performance parameters:

1. Any explosive with a detonation velocity exceeding 8,700 m/s or a detonation pressure exceeding 34 GPa (340 kbar);
 2. Other organic explosives not listed in this Note yielding detonation pressures of 25 GPa (250 kbar) or more that will remain stable at temperatures of 523K (250°C) or higher for periods of 5 minutes or longer;
 3. Any other United Nations (UN) Class 1.1 solid propellant not listed in this Note with a theoretical specific impulse (under standard conditions) of more than 250 s for non-metallised, or more than 270 s for aluminised compositions;
 4. Any UN Class 1.3 solid propellant with a theoretical specific impulse of more than 230 s for non-halogenised, 250 s for non-metallised and 266 s for metallised compositions;
 5. Any other gun propellants not listed in this Note having a force constant of more than 1,200 kJ/kg;
 6. Any other explosive, propellant or pyrotechnic not listed in this Note that can sustain a steady-state burning rate of more than 38 mm/s under standard conditions of 6.89 MPa (68.9 bar) pressure and 294 K (21°C); or
 7. Elastomer modified cast double based propellants (EMCDB) with extensibility at maximum stress of more than 5% at 233 K (-40°C);
2. "Additives" contain the followings:
- a) Glycidylazide Polymer (GAP) and its derivatives;
 - b) Polycyanodifluoroaminoethyleneoxide (PCDE);
 - c) Butanetrioltrinitrate (BTTN),
 - d) Bis-(2-fluoro-2,2-dinitroethyl) formal (FEFO),
 - e) Butadienenitrileoxide (BNO);
 - f) Catocene (2,2-Bis-ethylferrocenyl propane); N-butyl-ferrocene; and other adducted ferrocene derivatives;
 - g) Bis(2,2-dinitropropyl) formal or Bis(2,2-dinitropropyl) acetal,
 - h) 3-Nitrazo-1,5-pentane dissocyanate,
 - i) Energetic monomers, plasticisers and polymers containing nitro, azido, nitrate, nitraza or difluoroamino groups;
 - j) 1,2,3-Tris[1,2-bis(difluoroamino)ethoxy] propane; tris vinoxyl propane adduct (TVOPA);
 - k) Bisazidomethyloxetane and its polymers,
 - l) Nitratomethylmethyloxetane or poly (3-Nitratomethyl, 3-methyl oxetane); (Poly-NIMMO) (NMMO),
 - m) Azidomethylmethyloxetane (AMMO) and its polymers,
 - n) Polynitroorthocarbonates,
 - o) Tetraethylenepentaamineacrylonitrile (TEPAN); cyanoethylated polyamine and its salts,
 - p) Tetraethylenepentaamineacrylonitrileglycidol (TEPANOL); cyanoethylated polyamine adducted with glycidol and its salts,
 - q) Polyfunctional aziridine amides with isophthalic, trimesic (BITA or butylene imine trimesamide), isocyanuric or trimethyladipic backbone structures and 2-methyl or 2-ethyl substitutions on the aziridine ring,
 - r) Basic copper salicylate; lead salicylate,
 - s) Lead beta-resorcylate,
 - t) Lead stannate, lead maleate, lead citrate,
 - u) Tris-1-(2-methyl)aziridinyl phosphine oxide (MAPO); bis(2-methyl aziridinyl) 2-(2-hydroxypropanoxy) propylamino phosphine oxide (BOBBA 8); and other MAPO derivatives,
 - v) Bis(2-methyl aziridinyl) methylamino phosphine oxide (Methyl BAPO),
 - w) Organo-metallic coupling agents, specifically:
 1. Neopentyl [diallyl] oxy, tri [dioctyl] phosphato titanate; also known as titanium IV, 2,2[bis 2-propenolato-methyl, butanolato, tris (dioctyl) phosphato]; or LICA 12;
 2. Titanium IV, [(2-propenolato-1) methyl, n-propanolatomethyl] butanolato-1, tris[dioctyl]pyrophosphate; or KR3538;

3. Titanium IV, [(2-propenolato-1)methyl, n-propanolatomethyl] butanolato-1, tris(dioctyl)phosphate,
- x) Poly-2,2,3,3,4,4-hexafluoropentane-1,5-diol formal (FPF-1),
- y) Poly-2,4,4,5,5,6,6-heptafluoro-2-tri-fluoromethyl-3-oxaheptane-1,7-diol formal (FPF-3),
- z) Polyglycidynitrate or poly (nitratomethyl oxirane); (Poly-GLYN) (PGN),
- aa) Hydroxyl terminated polybutadiene (HTPB) with a hydroxyl functionality equal to or greater than 2.2 and less than or equal to 2.4, a hydroxyl value of less than 0.77 meq/g, and a viscosity at 30°C of less than 47 poise,
- bb) Lead-copper chelates of beta-resorcyate or salicylates,
- cc) Triphenyl bismuth (TPB),
- dd) Bis-(2-hydroxyethyl) glycolamide (BHEGA),
- ee) Superfine iron oxide (Fe₂O₃ hematite) with a specific surface area more than 250 m²/g and an average particle size of 0.003 μm or less,
- ff) N-Methyl-p-Nitroaniline,
3. air craft fuels controlled under **sub-item: d.** are finished products not their constituents.
4. **sub-item: d.** also controls military materials containing thickeners for hydrocarbon fuels specially formulated for use in flame-throwers or incendiary munitions.
5. "precursors" are as follow:
 - a) Guanidine nitrate,
 - b) 1,2,4 trihydroxybutane (1,2,4-butanetriol),
 - c) 1,3,5-trichlorobenzene,
 - d) Bischloromethyloxetane (BCMO),
 - e) Low (less than 10,000) molecular weight, alcohol-functionalised, poly(epichlorohydrin); poly(epichlorohydrindiol) and triol,
 - f) Propyleneimine, 2-methylaziridine,
 - g) Tetraacetyldibenzylhexaazaisowurtzitane (TAIW),
 - h) Dinitroazetidene-t-butyl salt,
 - i) Hexabenzylhexaazaisowurtzitane (HBIW),
 - j) Tetraacetildibenzylhexaaisowurtzitane (TAIW),
 - k) 1,4,5,8 Tetraazadecalin,
6. does not control industrial chemicals – as precursors – freely available on the global market.
7. does not control the following substances when not compounded or mixed with military explosives or powdered metals:
 - a. Ammonium picrate;
 - b. Black powder;
 - c. Hexanitrodiphenylamine;
 - d. Difluoroamine (HNF₂);
 - e. Nitrostarch;
 - f. Potassium nitrate;
 - g. Tetranitronaphthalene;
 - h. Trinitroanisol;
 - i. Trinitronaphthalene;
 - j. Trinitroxylene;
 - k. Fuming nitric acid non-inhibited and not enriched;
 - l. Trinitrophenylmethylnitramine(tetrl)
 - m. Acetylene;
 - n. Propane;
 - o. Liquid oxygen;
 - p. Hydrogen peroxide in concentrations of less than 85%;
 - q. Misch metal;
 - r. N-pyrrolidinone; 1-methyl-2-pyrrolidinone;
 - s. Dioctylmaleate;
 - t. Ethylhexylacrylate;
 - u. Triethylaluminium (TEA), trimethylaluminium (TMA), and other pyrophoric metal alkyls and aryls of lithium, sodium, magnesium, zinc and boron;
 - v. Nitrocellulose;
 - w. Nitroglycerin (or glyceroltrinitrate, trinitroglycerine) (NG);
 - x. 2,4,6-trinitrotoluene (TNT);
 - y. Ethylenediaminedinitrate (EDDN);
 - z. Pentaerythritoltetranitrate (PETN);
 - aa. Lead azide, normal and basic lead styphnate, and primary explosives or priming compositions containing azides or azide complexes;
 - bb. Triethyleneglycoldinitrate (TEGDN);
 - cc. 2,4,6-trinitroresorcinol (styphnic acid);
 - dd. Diethyldiphenyl urea; dimethyldiphenyl urea; methylethyldiphenyl urea [Centralites];
 - ee. N,N-diphenylurea (unsymmetrical diphenylurea);

- ff. *Methyl-N,N-diphenylurea (methyl unsymmetrical diphenylurea);*
- gg. *Ethyl-N,N-diphenylurea (ethyl unsymmetrical diphenylurea);*
- hh. *2-Nitrodiphenylamine (2-NDPA);*
- ii. *4-Nitrodiphenylamine (4-NDPA);*
- jj. *2,2-dinitropropanol;*
- kk. *Chlorine trifluoride.*

Chapter X

Vessels of war, special naval equipment and accessories, as follows, and components therefor, specially designed for military use:

- a. Combatant vessels and vessels (surface or underwater) specially designed or modified for offensive or defensive action, whether or not converted to non-military use, regardless of current state of repair or operating condition, and whether or not they contain weapon-delivery systems or armour, and hulls or parts of hulls for such vessels;
- b. Engines, as follows:
 - 1. Diesel engines specially designed for submarines with both of the following characteristics:
 - power output of 1.12 MW (1,500 hp.) or more; and
 - rotary speed of 700 rpm or more;
 - 2. Electric motors specially designed for submarines having all of the following characteristics:
 - power output of more than 0.75 MW (1,000 hp.);
 - quick reversing;
 - liquid cooled; and
 - totally enclosed;
 - 3. Non-magnetic diesel engines specially designed for military use with a power output of 37.3 kW (50 hp.) or more and with a non-magnetic content in excess of 75% of total mass;
- c. Underwater detection devices specially designed for military use and controls thereof;
- d. Submarine and torpedo nets;
- e. Equipment for guidance and navigation specially designed for military use;
- f. Hull penetrators and connectors specially designed for military use that enable interaction with equipment external to a vessel;
- g. Silent bearings, and equipment containing those bearings, specially designed for military use.
Note: this sub-item includes connectors for vessels which are of the single-conductor, multi-conductor, coaxial or waveguide type, and hull penetrators for vessels, both of which are capable of remaining impervious to leakage from without and of retaining required characteristics at marine depths exceeding 100 m; and fibre-optic connectors and optical hull penetrators specially designed for “laser” beam transmission regardless of depth. It does not include ordinary propulsive shaft and hydrodynamic control-rod hull penetrators.

Chapter XI

Aircraft, helicopters, unmanned airborne vehicles (further on as “aircraft”), aero-engines and “aircraft” equipment, related equipment and components, specially designed or modified for military use, as follows:

- a. Combat “aircraft” and specially designed components therefor;
- b. Other “aircraft” specially designed or modified for military use, including military reconnaissance, assault, military training, transporting and airdropping troops or military equipment, logistics support and specially designed components therefor;
- c. Aero-engines specially designed or modified for military use, and specially designed components therefor;
- d. Unmanned airborne vehicles and related equipment, specially designed or modified for military use, as follows, and specially designed components therefor: such as: remotely piloted air vehicles (RPVs) and autonomous programmable vehicles; associated launchers and ground support equipment; related equipment for data acquisition, command and control.
- e. Airborne equipment, including airborne refuelling equipment, specially designed for use with the “aircraft” controlled by a. or b., or the aero-engines controlled by c., and specially designed components therefor;
- f. Pressure refuellers, pressure refuelling equipment, equipment specially designed to facilitate operations in confined areas and ground equipment, developed specially for “aircraft” controlled by a. or b., or for aero-engines controlled by c.;
- g. Pressurised breathing equipment and partial pressure suits for use in “aircraft”, anti-g suits, military crash helmets and protective masks, liquid oxygen converters used for “aircraft” or missiles, and catapults and cartridge actuated devices for emergency escape of personnel from “aircraft”;
- h. Parachutes used for combat personnel, cargo dropping or “aircraft” deceleration, as follows:
 - 1. Parachutes for pin point dropping of rangers;
 - 2. Dropping of paratroopers;
 - 3. Cargo parachutes;

4. Paragliders, drag parachutes, drogue parachutes for stabilisation and attitude control of dropping bodies, (e.g. recovery capsules, ejection seats, bombs);
 5. Drogue parachutes for use with ejection seat systems for deployment and inflation sequence regulation of emergency parachutes;
 6. Recovery parachutes for guided missiles, drones or space vehicles;
 7. Approach parachutes and landing deceleration parachutes;
 8. Other military parachutes;
- i. Automatic piloting systems for parachuted loads; equipment specially designed or modified for military use for controlled opening jumps at any height, including oxygen equipment.

Note:

1. **sub-item b.** does not control "aircraft" or variants of those "aircraft" specially designed for military use which have been certified for civil use by the civil aviation authority in a participating state and which are equiped according to the international standards, as well as spareparts especially incorporated by those,
2. **sub-item c.** does not control:
 - a. Aero-engines designed or modified for military use which have been certified by civil aviation authorities in a participating state for use in "civil aircraft", or specially designed components therefor;
 - b. Reciprocating engines or specially designed components therefor.
3. The control in **b.** and **c.** on specially designed components and related equipment for non-military "aircraft" or aero-engines modified for military use applies only to those military components and to military-related equipment required for the modification to military use.

Chapter XII

Directed energy weapon systems (DEW), related or countermeasure equipment and test models, as follows, and specially designed components therefor:

- a. "Laser" systems specially designed for destruction or effecting mission-abort of a target;
- b. Particle beam systems capable of destruction or effecting mission-abort of a target;
- c. High power radio-frequency (RF) systems capable of destruction or effecting mission-abort of a target;
- d. Equipment specially designed for the detection or identification of, or defence against, systems controlled by **a.** to **c.**;
- e. Physical test models and related test results for the systems, equipment and components controlled by this Chapter.
- f. Physical research models and documentations of equipment described under sub-items **a.** to **e.**

Note:

1. Directed energy weapon systems controlled by this chapter include systems whose capability is derived from the controlled application of:
 - a. "Lasers" of sufficient continuous wave or pulsed power to effect destruction similar to the manner of conventional ammunition;
 - b. Particle accelerators which project a charged or neutral particle beam with destructive power;
 - c. High pulsed power or high average power radio frequency beam transmitters which produce fields sufficiently intense to disable electronic circuitry at a distant target.
2. this chapter includes the following when specially designed for directed energy weapon systems:
 - a. Prime power generation, energy storage, switching, power conditioning or fuel-handling equipment;
 - b. Target acquisition or tracking systems;
 - c. Systems capable of assessing target damage, destruction or mission-abort;
 - d. Beam-handling, propagation or pointing equipment;
 - e. Equipment with rapid beam slew capability for rapid multiple target operations;
 - f. Adaptive optics and phase conjugators;
 - g. Current injectors for negative hydrogen ion beams;
 - h. "Space qualified" accelerator components;
 - i. Negative ion beam funnelling equipment;
 - j. Equipment for controlling and slewing a high energy ion beam;
 - k. "Space qualified" foils for neutralising negative hydrogen isotope beams.

Chapter XIII

Armoured or protective equipment and constructions and components, as follows:

- a. Armoured plates,
- b. Constructions of metallic or non-metallic materials or combinations thereof specially designed to provide ballistic protection for military systems;
- c. Military helmets;
- d. Body armour and flak suits and specially designed components therefor.

Note: sub-item b. includes metallic and non-metallic material combinations, which are specially designed to form explosive reactive armour or to construct military shelters.

Chapter XIV

Specialised equipment for military training or for simulating military scenarios and specially designed components and accessories therefor.

Note:

1. *The term “specialised equipment for military training” includes military types of:*
 - attack trainers,
 - operational flight trainers,
 - radar target trainers,
 - radar target generators,
 - gunnery training devices,
 - anti-submarine warfare trainers,
 - flight simulators (including human-rated centrifuges for pilot/astronaut training),
 - radar trainers,
 - instrument flight trainers,
 - navigation trainers,
 - missile launch trainers,
 - target equipment,
 - drone “aircraft” equipment operation trainers,
 - pilotless “aircraft” trainers and mobile training units.
2. *this chapter includes image-generating and interactive environment systems for simulators when specially designed or modified for military use.*

Chapter XV

Imaging or countermeasure equipment, as follows, specially designed for military use, and specially designed components and accessories therefor:

- a. Recorders and image processing equipment;
- b. Cameras, photographic equipment and film processing equipment;
- c. Image intensifier equipment;
- d. Infrared or thermal imaging equipment;
- e. Imaging radar sensor equipment;
- f. Countermeasure or counter-countermeasure equipment for the equipment controlled by sub-items a. to e.

Note:

1. *The term “specially designed components” includes the following when specially designed for military use:*
 - a. Infrared image converter tubes;
 - b. Image intensifier tubes (other than first generation);
 - c. Microchannel plates;
 - d. Low-light-level television camera tubes;
 - e. Detector arrays (including electronic interconnection or read out systems);
 - f. Pyroelectric television camera tubes;
 - g. Cooling systems for imaging systems;
 - h. Electrically triggered shutters of the photochromic or electro-optical type having a shutter speed of less than 100 μ s, except in the case of shutters which are an essential part of a high speed camera for civilian use;
 - i. Fibre optic image inverters;
 - j. Compound semiconductor photocathodes.
2. *sub-item f. includes equipment designed to degrade the operation or effectiveness of military imaging systems or to minimise such degrading effects.*
3. *this chapter does not control “first generation image intensifier tubes”.*

Chapter XVI

Cryogenic and “superconductive” equipment, as follows, and specially designed components and accessories therefor:

- a. Equipment specially designed or configured to be installed in a vehicle for military ground, marine, airborne or space applications, capable of operating while in motion and of producing or maintaining temperatures below 103 K (-170°C);

Note: sub-item a. includes mobile systems incorporating or employing accessories or components manufactured from non-metallic or non-electrical conductive materials, such as plastics or epoxy-impregnated materials.
- b. “Superconductive” electrical equipment (rotating machinery and transformers) specially designed or configured to be installed in a vehicle for military ground, marine, airborne or space

applications, capable of operating while in motion.

Note: sub-item b. does not control direct-current hybrid homopolar generators that have single-pole normal metal armatures which rotate in a magnetic field produced by superconducting windings, provided those windings are the only superconducting component in the generator.

Chapter XVII

Miscellaneous equipment, materials, as follows, and specially designed components therefor:

- a. Self-contained diving and underwater swimming apparatus;
- b. Construction equipment specially designed for military use;
- c. Fittings, coatings and treatments for signature suppression, specially designed for military use; (e.g. infra-protector paints, etc.)
- d. Field engineer equipment specially designed for use in a combat zone;
- e. "Robots", "robot" controllers.

Chapter XVIII

Equipment and "technology" for the production of military products, control and measuring equipments, as follows:

- a. Specially designed or modified production equipment for the production of products controlled by the listed chapters, and specially designed components therefor;
- b. Specially designed environmental test facilities and specially designed equipment therefor, for the certification, qualification or testing of products controlled by the listed chapters;
- c. Specific production "technology", even if the equipment with which such "technology" is to be used is not controlled;
- d. "Technology" specific to the design of, the assembly of components into, and the operation, maintenance and repair of complete production installations even if the components themselves are not controlled.

Note:

1. *sub-item a. and b. include the following equipment:*
 - a. Continuous nitrators;
 - b. Centrifugal testing apparatus or equipment having any of the following characteristics:
 1. Driven by a motor or motors having a total rated horsepower of more than 298 kW (400 hp);
 2. Capable of carrying a payload of 113 kg or more; or
 3. Capable of exerting a centrifugal acceleration of 8 g or more on a payload of 91 kg or more;
 - c. Dehydration presses;
 - d. Screw extruders specially designed or modified for military explosive extrusion;
 - e. Cutting machines for the sizing of extruded propellants;
 - f. Sweetie barrels (tumblers) 1.85 m or more in diameter and having over 227 kg product capacity;
 - g. Continuous mixers for solid propellants;
 - h. Fluid energy mills for grinding or milling the ingredients of military explosives;
 - i. Equipment to achieve both sphericity and uniform particle size in metal powder listed in Chapter IX. under 1.A) Note 1;
 - j. Convection current converters for the conversion of materials listed in Chapter IX. under 1.A)6.
2. a). *The term 'products referred to in the listed chapters' includes:*
 1. Products not controlled if inferior to specified concentrations as follows:
 - a. hydrazine (see Chapter IX. under 1.A) Note:18.;
 - b. "Military explosives" (see Chapter IX.);
 2. Products not controlled if
 - inferior to technical limits,
 - "superconductive" electrical equipment excluded from control as in Chapter XVI. under b);
 3. Metal fuels and oxidants deposited in laminar form from the vapour phase (see Chapter IX. under 1.A) Note:2.);
2. b). *The term 'products referred to in the listed chapters' does not include:*
 2. The substances excluded from control under Note 3 Chapter VII.;
 3. Personal radiation monitoring dosimeters and masks for protection against specific industrial hazards, see under Note:4. Chapter VIII.;
 4. Acetylene, propane, liquid oxygen, difluoramine (HNF₂), fuming nitric acid and potassium nitrate powder (see Note 7, Chapter IX.);
 5. Aero-engines excluded from control under Chapter X.;
 6. Conventional steel helmets not equipped with, or modified or designed to accept, any type of accessory device;
 7. Equipment fitted with industrial machinery, which is not controlled such as coating machinery not elsewhere specified and equipment for the casting of plastics;

8. Muskets, rifles and carbines dated earlier than 1938, reproductions of muskets, rifles and carbines dated earlier than 1890, revolvers, pistols and machine guns dated earlier than 1890, and their reproductions;

N.B.: Note 2.b.8. of this Chapter does not allow the export of “technology” or production equipment for non-antique small arms, even if used to produce reproductions of antique small arms.

3. sub-item **d.** does not control “technology” for civil purposes, such as agricultural, pharmaceutical, medical, veterinary, environmental, waste management, or in the food industry (see Note 5 of Chapter VIII.).
4. this Chapter does control equipment serving to determine safety data of explosives, according to the international agreement for Transports of Dangerous Goods(C.I.M.) Article 3.and 4. Attachment **I.RID.** The Licensing Authority has to receive guarantees during such transactions, that those equipment will be utilised only by the railway authorities of C.I.M. members or the authorities of the relevant countries engaged in safety-control of explosive transports, as follow:
- a) equipment determining ignition and inflammation temperature,
 - b) equipment for steel-hull testing,
 - c) drop-hammers effecting 20 kgs or less for determination of impact-sensitivity of the explosives,
 - d) equipment for determination of friction-sensitivity of explosive charges with mass of 36 kgs or less.

Chapter XIX

Electronic equipment, not controlled elsewhere in the listed chapters, specially designed for military use and specially designed components therefor.

Note: this chapter includes:

- a. Jamming and counter-jamming equipment, including electronic countermeasure (ECM) and electronic counter-countermeasure (ECCM) equipment designed to introduce extraneous or erroneous signals into radar or radio communication receivers or otherwise hinder the reception, operation or effectiveness of adversary electronic receivers including their countermeasure equipment;
- b. Frequency agile tubes;
- c. Electronic systems or equipment designed either for surveillance and monitoring of the electro-magnetic spectrum for military intelligence or security purposes or for counteracting such surveillance and monitoring;
- d. Underwater countermeasures, including acoustic and magnetic jamming and decoy, equipment designed to introduce extraneous or erroneous signals into sonar receivers;
- e. Data processing security equipment, data security equipment and transmission and signalling line security equipment, using ciphering processes;
- f. Identification, authentication and keyloader equipment and key management, manufacturing and distribution equipment.

Chapter XX

Forgings, castings, extruded and other unfinished products which are specially designed for any products controlled by Chapter I–XIX.

Chapter XXI

Technical Databases and “Software”, specially designed for military use:

- a. “Software” specially designed or modified for the “development”, “production” or “use” of equipment or materials controlled by the listed chapters;
- b. Specific “software”, as follows:
 1. “Software” specially designed for:
 - a. Modelling, simulation or evaluation of military weapon systems;
 - b. “Development”, monitoring, maintenance or up-dating of “software” embedded in military weapon systems;
 - c. Modelling or simulating military operation scenarios, not controlled by Chapter XIV.;
 - d. Command, Communications, Control and Intelligence (C3I) applications;
 2. “Software” for determining the effects of conventional, nuclear, chemical or biological warfare weapons.
 - c. Libraries(parametric technical databases) specially designed for military use with equipment controlled by the listed chapters,

Technical note:

The expression “library”(parametric technical database) under this Chapter means as follow:
– collection of technical information of a military nature, reference to which may enhance the performance of military equipment or systems –

General note:

The expression “specially designed for military use” frequently used in all chapters include: military, police, law enforcement, penal authorities, secret service scope of activities.

Chapter XXII

I. Forcing and Detective Devices

- a) Electro-baton and shocking devices.
- b) Confinement devices, as follow:
 1. patent shackles
 2. leg cuffs, strain clamp,
 3. thumb-screw, and other clamps or special designed instrument of torture

Note: no trading licences can be issued for articles listed under sub-item b) 3.
- c) Tear-gases containing orthochlore-benzalalone-nitril(CS) and chloreacetophenon (CN)

Note: Sub-item c) does not control 20 gr or less content single pack tear-gas products with a concentrate max 1%.

II. Criminal investigation devices

- a) Lazer fingerprint identification
- b) Computer fingerprint identification
- c) Sound analyser and voice identification equipment and components
- d) Mobile criminal investigation laboratories, equipment and components therefor.
- e) Specially designed biological, neurophysical reaction testing equipment, accessories and components therefor, such as:
 1. poligraphs
 2. fingerprint analysers, monitors and equipment
 3. automatic fingerprint ID and search systems
 4. psychological stress-analyser equipment
 5. specially designed components and accessories of equipment and systems under No.4

Note: Biomedical equipment are decontrolled, which are used for biological and neurophysical reaction testings in hospitals.

Chapter XXIII

Specially designed secret-service devices

- I. Interception devices, components and accessories therefore interception devices are by definition all electronic, mechanic or other equipment, method, “technology”, software, which can be secretly used without the knowledge of the participants of the information exchange or parties having legal access to the information, and having any of the listed characteristics below:
 - a) specially designed, manufactured or suitable without significant modification for secret interception, transmittance and recording of live conversations. Such as:
 1. Wall (contact) microphones and stethoscopes with built-in electronic amplifier.
 2. Laser- or infrared beam, and ultrasonic based interception system and components therefor.
 3. Minature event remote-controlled transmitters and special receivers therefor.
 4. Small-size transmitters and receivers therefor and recording equipments built in concealed device or hidden under clothing.
 5. Miniature sound-recorders with recording length exceeding 10 hours.
 6. High-sensitive parabolic- and gun-microphones.
 7. Subminiature electrostat microphones and acoustic sonde.
 - b) specially designed, manufactured or suitable without significant modification for secret acquisition, transmittance, recording by any methods of information stored in computers, computing or other equipments or peripheric units therefor processing and/or storing digital or analogic data.
 - c) specially designed, manufactured or suitable without significant modification for third-party secret interception of on-line and/or wireless telecommunication systems of speech transmission or of non-conversational information.

Note: Sub-item decontrols devices, equipment, accessories listed below:

 1. *Electronic devices designed for wide public entertainment use, and accessories therefor.*
 2. *Components of signal systems designed for industrial or civil use.*
 3. *Information recording equipment of dispatcher centres.*
 4. *Amplification system, selective microphones, radiomicrophones used in theatre, sport or other public venues.*
 5. *Radio transmitter-receiver equipment designed for civil or radio-amateur use.*
 6. *Equipment, measuring instruments and accessories therefor designed for industrial, civil, telecommunication technique use.*
 7. *Computer technology equipment, components and accessories therefor for general use.*

II. Equipment for detection and designation of interception devices in operation

Sub-item controls all products, devices, “technologies”, software and components, accessories therefor, which are designed, manufactured for detection and designation of interception devices specified under sub-item I. Such as:

- a) Equipment for telephone line control, protection, interception detecting.
- b) Wide-band jamming transmitters, acoustic, whiteout generators.
- c) Detectors for designate and locate concealed transmitters.
- d) Detectors operating with non-linear inductive reactance for designation of passive interception devices.
- e) Equipment for discovering transmitters or operating voice recorders concealed under clothing of a conversation partner.

III. Secret visual observance devices

Secret visual observance devices are by definition all optical, mechanic, electronic and other devices and accessories, as well as operation software therefor, having any of the characteristics listed below:

- a) designed, manufactured or suitable without significant modification for secret observance, recording (documentation), and transmitting and processing information gained on people, civil activities or related actions thereof.
 1. small size, high-resolution and high-sensitivity CCD cameras and accessories therefor.
 2. miniature cameras and accessories hidden under clothing or in concealed devices.
 3. equipment for video-signal transmittance and receivers operating in micro-wave range.
 4. equipment for video-signal transmittance and receivers operating with mains.
 5. fiberoscopes and systems using fiberoptics with small inlet port, adapters and accessories therefor allowing connection to cameras or video cameras, suitable for concealed observance.
- b) operating under poor lighting conditions (without auxiliary lighting) containing photo-multiplier tube or optical components accessories. Such as:
 1. night photographing and video recording second- and third-generation photoamplifier equipment and accessories therefor.
- c) infrared night-vision devices and accessories therefor specially designed for police use.

Note: Sub-item decontrols the following equipment, devices, accessories:

1. *photographic, video entertainment, educational etc., tools and accessories designed for wide public or civil use.*
2. *components of property protection, burglary alarm or other alarm signal systems designed for industrial or civil use.*
3. *components of industrial and traffic surveillance, counting, speed control, documentation systems.*
4. *endoscopes, videoscopes, fiberoscopes, boroscopes and components, accessories therefor designed and manufactured for medical or industrial use.*
5. *video-documentation systems and components therefor used on mass processions.*

IV. Secret intrusion devices

- a) secret intrusion devices are by definition all mechanical, electronic, optical and software devices and accessories therefor, which are manufactured for purpose of secret intrusion into closed structures (real estate, buildings, cars, etc.), having any of the characteristics listed below:
 1. devices, “technologies”, accessories and components therefor designed and manufactured for destructive or non-destructive opening of – without use of proper unlocking device – locks, padlocks, bolts etc., operating on mechanical, electrical, electronic or other principles.
 2. devices, software and accessories therefor specially manufactured for intervention or default normal operation of electronic safety systems.

V. Enciphering and coding apparatus

- a) enciphering and coding devices, machines, equipment and specially designed software and functional elements, components, as well as additional units and accessories therefor used in telecommunication and informatic systems.
- b) Specially designed devices, equipment and specially designed software therefor to produce, distribute, transfer of special cipher codes.
- c) Cipher codes.

Note:

Sub-item decontrols the following devices, equipment, accessories:

1. *coding-decoding devices designed for wider public or civil use (aiming at copy right protection).*
2. *coding-decoding devices designed for industrial or civil protection use (property protection, ID, authority control purposes).*

VI. Other related devices

- a) communication system provided with wireless earphone suitable for under-clothing camouflage.
- b) Miniature signal transmitters and special receivers therefor capable for direction and position finding.

3.7.3 Appendix 3 Hungarian defence manufacturers³⁹

Military Equipment

ANTENNA-BHG Adástechnikai Kft. – Development and manufacture of radio and television broadcasting transmitters, high-performance military transmitters and antennas, and installation of telecommunication systems. (Ownership: 100% state-owned).

AUTOFER Rt. – Develops and manufactures special vehicle and bus chassis, hydraulic power steering gears, clutches and tools. (Ownership: 94% private, 4% municipality and 2% joint stock ownership).

AVIATRONIC Ltd. – Development and manufacture of software, measurement technology, aviation electronic, signal processing and data collection systems. (Ownership: 100% privately owned).

BALOGH Kft. – Development and manufacture of individual protective clothing and equipment. (Ownership: 100% privately owned)

BRG Rádiótechnikai Rt. – Manufactures professional mobile radios, electronic remote-control devices and wire harnesses. (Ownership: 95% private, 5% state and foreign ownership).

CSEPEL Autógyár Kft. – Manufactures special vehicles, such as trucks and fire engines, bus chassis, hydraulic steering gears, clutches and tools. (Ownership: 100% privately owned, UK)

COOPTRAVERZ Acélszerkezetgyártó és Kereskedelmi Kft. – Manufacture of steel frame structures, stationary and mobile containers. (Ownership: 92.4% private, 7.6% state ownership).

DUNAI REPÜLŐGÉPGYÁR Rt. (DANUBIAN AIRCRAFT Co.) – Specialises in the overhaul and upgrade of helicopters and fighter aircraft, and manufactures aircraft component parts. (Ownership: 100% privately owned).

FMV Finommechanikai Rt. – Development, manufacture and servicing of specialised communication technology. (Ownership: 100% privately owned).

GAMMA Rt. – Development and production of defence and environmental instruments, including radiation detectors; production of medical diagnostic instruments; production of scintillation crystals and detectors; production of industrial process measurement and control equipment. (Ownership: 100% privately owned, 30% Hungarian, 70% American).

HM ARZENÁL Electromechanikai Részvénytársaság – Undertakes full industrial overhaul and modernisation of national air defence systems; the development, production and installation of security technology; development and production according to the Hungarian Army's needs, civilian industrial production, including security systems and hospital furniture. (Ownership: 100% state-owned, Ministry of Defence)

INNO-COOP Kft. – Manufacture of ground and water explosive devices, timing instruments, reactive armour and anti-tank mines; also has specialised production lines for elements of light bulb production. (Ownership: 100% privately owned).

KŐPORC Oxidkerámia Ipari – Kereskedelmi és Szolgáltató Kft. – Manufactures ballistic, technical and thermotechnical ceramic products, electronic and telecommunications equipment, catalisator bases and voltage insulators. (Ownership: 100% privately owned).

MIKI Inc. – Specialises in control engineering, telecommunications, optoelectronics and measurement technology. (Ownership: 100% state-owned, Ministry of Industry, Trade and Tourism)

MMG Automatika Művek Rt. – Development, manufacture and integration of fire control and information systems for military use, process control for civilian industries and electronic instruments for military and civilian use. (Ownership: 47.95% ESOP & MBO, 24.84% Statepriv. & Property Ltd., 18.94% local municipalities, 6.34% MMG, 2.71% other).

Ministry of Defence ARM COM Plc. – Undertakes repair and upgrade of wired and wireless telecommunication equipment, repair and calibration of measuring instruments, integration and installation of communication containers and vehicles; also manufacture of antennas and accessories, power source cabinets and freezer boxes for civilian use. (Ownership: 100% state-owned, Ministry of Defence)

Ministry of Defence 'CURRUS' Gödöllői Harcjárműtechnikai Rt. – Conducts industrial overhaul and modernisation of tanks and combat vehicles; undertakes on-site and industrial repairs of high performance power supplies; manufactures spare parts and armoured asset transport vehicles for civilian use. (Ownership: 51% Ministry of Defence, 49% Treasury Property Directorate).

Ministry of Defence Electronics, Logistics and Property Management (ED) Co. – Development and production of electronic warfare, communications, air defence, air traffic control, information protection and security equipment, and satellite positioning systems. (Ownership: 100% state-owned, Ministry of Defence)

³⁹ Material sourced from promotional booklet, 'Active in the Field of Defence Industry: Brief presentation of Hungarian companies', distributed free of charge at the C+D 2001 arms fair in Budapest, 27–30 November 2001.

NITROKÉMIA Rt. – Manufacture and sale of gun powders and nitrocellulose. (Ownership: 100% state-owned).

ORION Co. Ltd. – Development, manufacture and installation of digital microwave radio relay and PCM multiplex equipment, and production and sale of electronic consumer goods. (Ownership: Singaporean, Russian and Hungarian private ownership)

POWERQUATTRO Rt. – Development and manufacture of power electronic converters to ensure uninterrupted electricity supply. (Ownership: 100% privately owned).

RÁBA Magyar Vagon és Gépgyár Rt. – Development and manufacture of specialised military and traditional trucks. (Ownership: partly private and partly state-owned).

RADIANT Rt. – Development of information technology hardware and software, planning and installation of microwave and optical systems, design, manufacture and operation of cable TV network. (Ownership: 85% Hungarian, 15% NEC, Japan)

RESPIRÁTOR Részvénytársaság Rt. – Development and manufacture of breathing, fire protection and personal protection equipment. (Ownership: 100% privately owned).

SAL-KON Rt. (Salgótarján Gárment Company) – Manufactures technological textiles, such as protective tarpaulins, tents, parachutes, bullet-proof vests, rucksacks, gun holsters, belts etc.; also manufactures civilian clothing for export. (Ownership: 100% privately owned).

SILEX Industrial Automation Ltd. – Development, manufacture and marketing of military and industrial control, regulation, measurement and power current turn-key systems. (Ownership: 100% privately owned).

SOFTSELL Kft. – Specialises in information technology, software development and turn-key informatics systems, such as radar data processing systems for military use and GIS and database management systems for civilian use. (Ownership: 100% privately owned).

TELETECHNIKA Kft. – Production of microwave radio relays, defence electronics, cable television equipment; provision of engineering services. (Ownership: 100% state-owned).

TISZA Cipő Rt. – Design and manufacture of military, protective, sports and leisure footwear. (Ownership: 12.8% private, 87.2% state-owned).

TKI – INNOVÁCIÓS Rt. – Specialises in microwave and digital transmission technology and defence electronics, information protection and ferrite products and devices; offers engineering services. (Ownership: 100% state-owned, Ministry of Industry, Trade and Tourism).

TOTALTEL Telecom Techniques Ltd. – Develops, manufactures and installs digital microwave radio equipment, and turn-key project implementation, including planning, licensing and personnel training. (Ownership: 100% privately owned by Hungarian nationals).

VIDEOTON-MECHLABOR Kft. – Development and production of electronic warfare, including radio reconnaissance equipment, appliances and systems. (Ownership: VIDEOTON Holding Co., Treasury Property Directorate)

VT Rendszertechnika Kft. (VIDEOTON System Technics Ltd.) – Development and production of defence electronics and communication systems, radio transceivers, speech and data coding devices, and security technology – property and fire protection equipment. (Ownership: 100% privately owned, VIDEOTON Holding).

ZENON SYSTEMS Kft. – Manufacture of water purification systems. (Ownership: 100% Zenon Environmental Inc., Canada).

Z. FACTOR Kft. – Development and manufacture of ballistic protective instruments and materials, such as bullet-proof shields and vests, and protective materials for civilian use; offers technical research and development. (Ownership: 100% privately owned).

SALW

BÁTORI ÉPSZOL Ltd. – Development and manufacture of small arms and their accessories for military use; delivery of parts for the defence industry and modernisation of mine-laying devices. (Ownership: 100% Nyírbátor town municipality).

FÉGARMY Fegyvergyártó Kft. – Development and manufacture of handguns, submachine guns and hunting rifles. (Ownership: 100% state-owned).

MM MECHANICAL WORKS Co. – Manufactures artillery and mortar ammunition, grenades and explosive devices and telephone equipment. (Ownership: 100% state-owned).

MFS Magyar Lőszergyártó Kft. – Manufactures ammunition and ammunition parts for military and civilian use – sport, hunting, self-defence. (Ownership: 100% state-owned).

NIKE-FIOCCHI Sports Ammunition Ltd. – Manufactures grenades and ammunition for sporting use, and smoke signal and fireworks. (Ownership: 50% FIOCCHI Co., Italy, and 50% NITROKÉMIA Co., Hungary).

3.7.4 Appendix 4

**Address by HE Mr Csaba Korosi
Deputy State Secretary of the Ministry for Foreign Affairs of the Republic
of Hungary****at the United Nations Conference on Illicit Trade in Small Arms and Light
Weapons in All Its Aspects**

New York, July 11, 2001

Mr President,

May I take this opportunity to join other speakers in congratulating Ambassador Camilo Reyes on his assumption of the presidency of the conference. A well-deserved credit goes to Ambassador Dos Santos for his able leadership throughout the preparatory process leading up to this conference.

My delegation has aligned itself with the statement delivered by the presidency of the European Union on behalf of its member states and associated countries. I have asked for the floor to reaffirm the position of the Republic of Hungary on a number of key issues and to highlight those directly connected to our national and sub-regional efforts aimed at preventing and combating the excessive accumulation and uncontrolled spread of small arms and light weapons.

Mr President,

The emergence of a great number of regional conflicts as a main threat to international peace and security in the post-Cold-War period cannot be separated from the upsurge of illicit trafficking in small arms and light weapons. The uncontrolled flow of these weapons to countries stricken by internal and international armed conflicts is in itself a factor further aggravating already explosive situations. The lessons learned from regional crises of the past decade have once again proven that the excessive accumulation of, and mushrooming of illicit trade in, small arms and light weapons are forebearers of deadly confrontations to come. Efforts of the international community to reach transparency and regulate the export control, the marking, record-keeping, storage and destruction of these weapons are an integral part of the overall strategy of conflict-prevention and conflict-resolution. All regional crises have their own complexities, specific roots and history. Obviously, they can hardly be prevented or stopped simply by a better international regime on small arms and light weapons. But without an efficient co-operation aimed at preventing and combating the excessive accumulation and uncontrolled spread of small arms and light weapons, conflict prevention efforts will have much slimmer chances for success. These co-ordinated efforts are very much required even after a regional crisis is over. If the surplus weapons in the region are not decommissioned, they will be channelled to other areas of emerging crises.

Due to its geographical proximity to the Balkan conflicts, Hungary has an increased sensitivity to this problem and actively promotes the goals of this conference. We are vitally interested in adopting concrete measures in this field and express our readiness to facilitate their implementation in the years to come.

Mr President,

Hungary is not a significant producer of small arms and light weapons. Notwithstanding this, my government has put in place an export control mechanism designed to prevent the transfer of all categories of conventional weapons to conflict areas. This mechanism is based on a three-tier licensing and control system. There is no open licence in Hungary for arms exports and imports. The first type of licence is issued to allow trade activities by registration of traders, including brokers. The second type is needed for entering into negotiations, and a third type of licence serves as an authorisation for arms exports and imports.

This year, we initiated a comprehensive review of our legislation and procedures in areas such as arms production, marking, record-keeping, stockpile management and holding.

Mr President,

Our experience, however, has shown that national measures cannot be efficient unless complemented by measures of harmonisation in a regional framework. In this respect, Hungary has given priority to enhancing co-operation with its partners in South Eastern Europe. Last November, the Hungarian Foreign Ministry and Saferworld co-organised a Small Arms Workshop in the Hungarian town of Szeged, which was followed by a roundtable meeting held in Belgrade by Saferworld and the Ministry of Internal Affairs of Serbia in late May – early June. During the present period of the Hungarian co-chairmanship of the Working Table on Security Issues of the Stability Pact for South Eastern Europe, the so-called Szeged Small Arms Process will continue and the next roundtable will take place next September again in Szeged.

We welcome the fact that over 40,000 weapons have already been destroyed in the framework of a German-Norwegian-US project in Albania. We also consider important that the Federal Republic

of Yugoslavia has expressed its wish for assistance in destroying surplus small arms and light weapons.

Political will is an essential factor in the implementation of all small arms and light weapons projects. There should be a sincere commitment on the part of the political leadership of the country undertaking a collection and destruction project. At the same time, international efforts should support national and local initiatives. We should not underestimate either the importance of changing deeply-rooted traditions in certain regions of possessing weapons. As part of future disarmament-demobilisation-reintegration projects, this so-called cultural aspect will have to be addressed as well.

Mr President,

The international community cannot afford not to deal seriously with the setting up of principles and regulatory norms designed to prevent and combat the destabilising accumulation of small arms and light weapons. Time has come to tackle this issue not only on national, sub-regional and regional levels, but also globally. As a matter of fact, all those levels are complementary and mutually reinforcing.

We have to place particular emphasis on those regions where serious problems with the proliferation of small arms and light weapons exist in the aftermath of armed conflicts. This is our common responsibility. It is with such a responsibility that my government approaches our conference and expresses its hope that the commitment of the participants will help overcome the difficulties which we encountered during the preparatory phase. The success of our endeavours will be measured by our ability to adopt a concrete programme of action enabling the international community to reduce considerably the suffering and harm caused by the uncontrolled spread of these weapons.

Thank you, Mr President.

Saferworld's research project on arms and security in EU Associate Countries

This chapter is part of a wider Saferworld report, entitled *Arms production, exports and decision making in Central and Eastern Europe* concerned with seven EU associate countries, namely: Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. The report analyses the role of each country in the regional and international arms trade, including destinations, transit routes and end-users of concern; it also examines the progress achieved in strengthening legal controls and their actual implementation.

The complete report can be purchased for GBP 20 including postage and packaging. For further information please contact: general@saferworld.org.uk or www.saferworld.org.uk