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**Partnership Between Licensing Authorities and Industry in Implementing the Arms Transfers Controls: An Industry Perspective**

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Thank you for inviting me to join the discussion today about the partnership between licensing authorities and industry in implementing the Arms transfers controls : I’ll be very happy to provide the Industry Perspective which I live in my everyday experience as Group Export compliance officer of Patria, a European defense Group with varied activities, from Land to Aerospace and Integrated Systems.

I am also member of the committee dealing with Export Controls within the European defense industry association, ASD. ASD represents the Aeronautics, Space, Security and Defence industries in Europe. Based in Brussels, the association today comprises 17 major companies and 20 countries associations.

I am not representing anyone in this discussion but just providing my personal expert views on this matter. In the next 20-25 minutes I would like to provide a perspective switch so you can see trade controls through the lens of Industry- we will certainly have some time for Q&A in the end- you are most welcome to raise questions and of course this presentation will make sense and be useful only if it triggers a reflection and a discussion.

ASD has been very active in the development work related to the ATT process, just like other industry associations

CSP4 Finnish Ambassador and Chairman had already recognized how since the start of the UN ATT process in 2006, industry has been very involved in the development work. The voluntary and active role of industry is recognized in the Preamble of the Treaty, in particular regarding “raising the awareness of the object and purpose of the ATT and in supporting its implementation”

Industry is in a prime position to:

- gather information about end-users and identify ‘red flags’ and other risk indicators, given its understanding of technical matters and markets

- develop awareness on effective export controls processes and internal compliance programmes

- encourage the broad adoption of common standards through business-to-business dialogue and general sharing of best practice and experience, including with business partners and customers in other countries.

This can benefit the objective of encouraging wider participation in the ATT.

Many companies have been gradually incorporating export compliance risk-management strategies into their overall risk management processes – recognising that this particular type of risk is heightened by the threat of

- legal or administrative sanctions presented by enforcement actions,

- potential criminal, civil and contractual liabilities,

- the risk of denial of export licenses and supply chain disruption, but also

- financial losses or reputation deterioration for failing to comply with laws, regulations and legislation.

In fact, ethical concerns and fear of reputational damage are often strong arguments in favor of investing in the export compliance function.

In the era of transparency and confidence-building, ICPs have become a standard tool by which companies trading sensitive items signal their willingness to conduct their affairs ethically and responsibly.

An ICP will present policies, procedures, organisation and culture and measures adopted to reduce the chance of violation and mitigate risks.

In the EU, ICPs have been developing to the point that national competent authorities have increasingly been using them as tools by which to measure and assess compliance. Some require companies to have ICPs in place before authorising exports, while others use them in enforcement investigations as an indicator of the robustness of a company’s compliance processes.

Current challenges and trends include:

* new technologies and immaterial exports,
* a complex regulatory environment (extraterritorial regulations and regulatory updates that are multiple and frequent,
* differences in implementation from country to country to be reconciled with a growing internationalization, that paves the way to challenges especially where harmonization is lacking
* growing regulatory pressure and overall negative image of defense industry.

However, I would like to go back to a diagram that we had presented in the CSP4 side event, and that represents very well the actual place that is reserved to industry and the role of Governments in implementation of the Treaty.

That is why Government outreach to industry, open dialogue and communication is key.

* obtain information on regulatory updates and official interpretations
* effectively anticipate and mitigate export compliance-related risks
* Improve understanding of regulations’ scope, objectives but also preferred approach of the authority
* promote effective practices and more consistent standards across operators

There is a wide range of possibilities for outreach activities, they can take different forms, unilateral, bilateral, multilateral- be in person or remote, and address different categories of exporters and issues.

Particularly interesting to highlight how Industry does not only behave as” catcher” but also as ”pitcher” (if we use the analogy from baseball) and this can be done as individual industry exporter or in the framework of professional associations or other exchange and discussion formats.

Typically a recipient or beneficiary of outreach activities , it can also very proactively cooperate with licensing authorities through professional associations or other exchange and discussion formats.

* contribute to a certain dialogue and reciprocal exchange
* helps raise issues linked to the implementation of legislative or regulatory frameworks, providing collective feedback to regulatory authorities regarding the practical outcomes and possible side effects and interpretations, but also economic impact and the practical effects on competition.

Finally, Industry can act as catalyst- as it is keen on looking at other similar operators and competitors while prescriptions from authorities may be perceived as too theoretical or far from operational challenges.

* Factual examples and pragmatic informaton is more understandable language for peers, translate into practice with examples
* Continued positive effects may result from the establishment of networks with or between companies for better sharing of experiences.

🡪 in this sense, involving industry in outreach activities may be beneficial.

In the „ideal world“, licensing authorities:

* Have a hands-on practical understanding of industry and the different real-life scenarios
* There is openness to meet, understand and discuss without bias
* Understand that defence industries are not „by definition“ in contrast with human rights but do a lot to prevent any such issue
* There is up-to-date research and understanding of the technological developments and how quickly traditional principles can be outdated
* Strive to adapt to the timeliness of industry requirements, to different varied scenarios and can propose solutions
* Are in „listening mode“ and open about their reasoning and their concerns, stimulating mutual exchange and understanding