

The Compliance Team issued 97 warning letters to Company Directors during 2019, where breaches of licence conditions were identified. This is a slight (2%) increase from the 2018 figure. Five exporters surrendered licences which did not cover their goods. Surrendering licences helps avoid repeat offences. Two exporters had a licence suspended due to repeat infractions.

8.2 Enforcement activity undertaken by HMRC, Border Force and the Crown Prosecution Service

HMRC continued to work with Border Force and the Crown Prosecution Service (CPS) to undertake a wide range of enforcement activity throughout 2019. This activity included:

- 194 seizures of strategic goods. These are cases where goods were presented for export and found to be in breach of licensing requirements or sanctions and embargoes (see Table);
- 66 end-use cases, where non-listed items were stopped from leaving the United Kingdom and bought within export controls. This control is used if there is a risk that the goods would be put to an illicit military or WMD end-use;
- 12 compound penalties paid totalling around £408,000. HMRC issued 12 companies with compound settlement offers ranging from £4,000 to £90,000 for unlicensed exports of military goods, dual-use goods and related activity controlled by The Export Control Order 2008.
- HMRC warning letters issued = 110

There were no prosecutions finalised in the courts in 2019. There were several ongoing criminal investigations throughout the period. For example, in September 2019 there were 15 live investigations.

HMRC assesses all breaches of arms export controls and sanctions. Where serious and/or deliberate breaches of export controls are identified, or where there are aggravating features, cases will be adopted for a full criminal investigation. These cases will be investigated and, if appropriate, referred to the Crown Prosecution Service (CPS) which determines a) whether there is sufficient evidence to prosecute and b) whether that prosecution is in the public interest.

Any decision by HMRC to conduct a criminal investigation will depend on a number of factors. These include: the seriousness of the offence, the likely impact and outcome of a criminal investigation compared to other forms of enforcement action, and the need to prioritise investigations in line with wider Government policies and strategies.

HMRC continues to receive and process voluntary disclosures of errors made by exporters. These disclosures are assessed by HMRC and appropriate action taken. This ranges from educational visits or the issuing of written warnings, through to compound penalties and, in the most serious cases, an investigation with a view to criminal prosecution. Table 8.2 shows voluntary disclosures that were disposed of in 2019:

Disposal	Total
Voluntary Disclosures received	199
Warning Letters issued as a result of voluntary disclosures	89
No Further Action (NFA)	60
Compound settlement offers issued as a result of voluntary disclosures	5 Offers, totalling £228,500

*This represents 2019 activity only. This means some outcomes may originate from voluntary disclosures received in 2018, as some will not be recorded until the following period. The warning letters and compound settlement offers recorded here form part of the totals for this period and are not additional to those presented at the opening of this section.

HMRC works with DIT and other agencies to contribute to raising awareness of strategic export controls through educational outreach to business.

HMRC also participates in outreach and capacity-building events. This activity strengthens links with other enforcement agencies in the field of strategic export control and improves the capabilities of our international partners. HMRC also supports the international export control commitments of HM Government through its contributions to international operational expert groups. These groups help improve international arms controls and aim to improve processes by sharing expertise and best practice.

This work includes supporting and contributing to the enforcement expert meetings of the Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), Australia Group (AG) and Wassenaar Arrangement (WA). HMRC contributes to the Proliferation Security Initiative (PSI), working alongside international partners to strengthen capabilities to prevent the smuggling of illicit goods.