

# LAW

## ON PRODUCTION AND TRADE IN WEAPONS AND MILITARY EQUIPMENT

*("The Official Gazette of SRY", No. 41/96, "The Official Gazette of SCG",  
No. 7/2005 – state law and "The Official Gazette",  
No. 85/2005 – state law*

### BASIC PROVISIONS

#### Article 1

This law regulates production, trade and transport of weapons and military equipment as an activity of general public interest, planning of security measures, planning of production and trade in weapons and military equipment, weapons and military equipment production quality control and other issues relevant to the production, trade and transport of weapons and military equipment.

#### Article 2

For the purposes of this Law, weapons and military equipment shall mean: munition and component thereof (powder, explosives, ammunition, missiles, bombs, torpedoes, mines and mine-explosive devices), armaments and parts thereof (cold weapons, pistols and revolvers, rifles, automatic rifles, machine guns, rocket launchers, canons, howitzers, launchers and fire control devices), combat vehicles (all types of combat aircrafts, combat vessels and combat vehicles) and other devices for the purpose of defence and security (communication devices, encryption, electronic counter-measures and command, identification and navigation devices, mining and de-mining devices, special tools and packaging, technical documentation and property rights for the production of weapons and military equipment).

Provisions of this Law shall not apply to hunting and sports weapons and ammunition, commercial explosives, anti-hail rockets and fireworks devices.

#### Article 3

Production of weapons and military equipment, for the purposes of this law, shall mean: research and development of weapons and military equipment and technology for the production of weapons and military equipment, machinery, equipment capacities for the production of weapons and military equipment, production of weapons and military equipment, modernization and overhaul of weapons and military equipment in peace time, as well as preparations for the production and overhaul of weapons and military equipment in conditions of imminent threat of war, state of war of state of emergency.

#### **Article 4**

For the purpose of this Law, trade in weapons and military equipment shall mean: national and foreign trade in weapons and military equipment.

National trade in weapons and military equipment, for the purposes of this law, shall mean purchase and sale of weapons and military equipment and activities related to the purchase and sale of weapons and military equipment.

Foreign trade in weapons and military equipment, for the purposes of this law, shall mean:

- 1) import and export of weapons and military equipment, or equipment intended for production of weapons and military equipment, semi-finished products, components, parts, raw materials and reproduction materials used in the production of weapons and military equipment;
- 2) business-technical cooperation, production cooperation, acquisition and granting of property rights on the basis of technology in the field of production of weapons and military equipment;
- 3) design, construction and equipping of capacities for the production of weapons and military equipment and other military facilities abroad;
- 4) representing foreign companies, brokering, performing overhaul and other services in foreign trade in weapons and military equipment.

#### **Article 5**

Transport of weapons and military equipment, for the purposes of this law, shall mean all forms of transport of weapons and military equipment on the territory of the Federal Republic of Yugoslavia, and transit of weapons and military equipment across the territory of the Federal Republic of Yugoslavia.

#### **Article 6**

A company or other legal entity (hereinafter: company) that produces weapons and military equipment or participates in the production, trade or transport of weapons and military equipment, or acquires or holds weapons and military equipment, shall keep and maintain them in a manner to prevent the loss or damage of weapons and military equipment.

In case of loss or damage of weapons and military equipment, the company referred to in paragraph 1 of this Article shall immediately, and no later than 24 hours of the loss or damage, notify the federal authority in charge of defence.

#### **Article 7**

The company that products, trades and transports weapons and military equipment shall develop and adopt a plan of organization and implementation of

measures for the safety and protection of classified information related to the production capacities, production plans, production-related document, production facilities, storage, trade and transport of weapons and military equipment.

The Plan referred to in paragraph 1 of this Article shall contain:

- 1) vulnerability assessment of assets and facilities;
- 2) security and protection measures (tasks and actions to organize security and protection measures) and the manner of their implementation;
- 3) measures and procedures to be undertaken in the event of an emergency occurring in the production process, trade and transport of weapons and military equipment.

No one engaged in the process of production, trade and transport of weapons and military equipment shall without authorization use knowledge and information acquired in the course of performing tasks related to the production, trade and transport of weapons and military equipment.

## **II PRODUCTION OF WEAPONS AND MILITARY EQUIPMENT**

### **Article 8**

Production of weapons and military equipment may be performed exclusively by companies which have acquired a respective permit.

### **Article 9**

The permit for the production of weapons and military equipment shall be issued by a federal authority in charge of defence. To the application for the issuance of the permit for the production of weapons and military equipment the company shall enclose the following:

- 1) Founding act of the company;
- 2) Articles of association of the company;
- 3) Excerpt from the court registry;
- 4) Study on technical and technological equipment, utilization of available capacities, provision of raw materials and reproductive materials;
- 5) data on human resources;

6) proof of quality control assurance;

7) plan referred to in Article 7 of this Law;

8) information on business results achieved in the previous three years, i.e. projected business results for company in the process of founding and companies founded less than three years prior to filing the application.

## **Article 10**

The federal authority in charge of defence shall, within 60 days from the date of filing the application, make a decision to issue a permit for the production of weapons and military equipment, or a decision to reject the application.

When making the decision referred to in paragraph 1 of this Article it is necessary to take into account the needs of defence and security of the country, technical-economic feasibility of production of weapons and military equipment, spatial distribution of production capacities, the environmental and security requirements for the production of weapons and military equipment.

The decision referred to in paragraph 1 of this article shall be final.

Along with the application for inscription in the court registry or application for extension of activity, the company shall also submit the permit for the production of weapons and military equipment.

## **Article 11**

Apart from companies referred to in Article 8, in the event of imminent threat of war, state of war and of emergency, companies identified by the federal authority for defence shall also engage in the production of weapons and military equipment.

## **Article 12**

Records shall be kept on companies granted with permits for the production of weapons and military equipment and companies identified to engage in such production (hereinafter: companies that produce weapons and military equipment).

## **Article 13**

Production planning and capacity building for the production of weapons and military equipment shall be made on the basis of medium-term programs for development of the defence system of the Federal Republic of Yugoslavia, the production plan in the event of imminent threat of war, state of war or emergency and the program of foreign trade in weapons and military equipment.

Excerpts from the medium-term program of development of the defence system, annual plans for equipping the Yugoslav Army and the production plan in the state of war, imminent threat of war and state of emergency relating to certain companies that produce weapons and military equipment, shall be submitted to these companies within 30 days from the date of establishing such plans.

Companies that produce weapons and military equipment shall plan their production and build their capacities on the basis of programs referred to in paragraph 2 of this Article.

## **Article 14**

Companies that produce weapons and military equipment shall maintain their production capacities for the production of weapons and military equipment in ongoing production capacity.

Companies referred to in paragraph 1 of this Article that are unable to maintain their ongoing production capacity shall without delay notify the federal authority in charge of defence.

In cases referred to in paragraph 2 of this Article, the federal authority in charge of defence shall contract funding of maintenance costs or shall approve reorientation of capacities to other military or civilian production programs or decide on termination of production at these facilities.

### **Article 15**

A company that produces weapons and military equipment may change its economic activity or cease to perform the activity, it can change the facilities, undertake status changes or change the organizational forms or can undertake mergers with prior approval of the federal authority in charge of defence.

### **Article 16**

The assessment of the quality system and quality control of weapons and military equipment shall be performed by the federal authority in charge of defence in the manner prescribed by the federal law on standardization.

The federal authority in charge of defence may authorize a company or other legal entities to perform certain tasks referred to in paragraph 1 of this Article.

### **Article 17**

No compulsory execution shall be performed on the installed capacities for the production of weapons and military equipment, produced weapons and military equipment, semi-finished products, components, parts, reproductive material, raw materials and other items for the production of weapons and military equipment.

### **Article 18**

A company granted with a permit for the production of weapons and military equipment shall recruit staff on the basis of general requirements for employment and special requirements relevant to the security of people and property as determined in the general acts of the company.

### **Article 19**

A company that produces weapons and military equipment may engage professional officers and professional non-commissioned officers of the Yugoslav Army.

With respect to the engagement of professional officers and professional non-

commissioned officers, the company referred to in paragraph 1 of this Article shall sign contracts with the relevant federal authority.

### III TRADE IN WEAPONS AND MILITARY EQUIPMENT

#### **Article 20**

The trade in weapons and military equipment in the country shall be performed by the federal authority in charge of defence and companies that produce weapons and military equipment.

Foreign trade of weapons and military equipment shall be performed by the federal authority in charge of defence, i.e. a public company performing activities of general interest, established by the Federal Republic of Yugoslavia in this field.

Foreign trade in weapons and military equipment may also be performed by companies registered for performing foreign trade.

#### **Article 21**

The trade in weapons and military equipment shall be performed on the basis of a permit issued for each individual delivery, with a limited validity period.

The permit referred to in paragraph 1 of this Article shall be issued by the federal authority in charge of defence. The application for the issuance of the permit shall be accompanied by the following:

- 1) data on types, quantities and price of weapons and military equipment;
- 2) data on parties involved in the trade (buyer, seller, brokers, agents);
- 3) data on deadlines for the completion of trade;
- 4) data on payment method.

Trade in weapons and military equipment within the country for the needs of law enforcement agencies may be performed without the permits referred to in paragraph 2 of this Article.

#### **Article 22**

The federal authority in charge of defence shall, within 10 days of filing the application, make a decision to issue a permit for trade in weapons and military equipment, or a decision to reject the application.

The decision referred to in paragraph 1 of this Article shall be final.

#### **Article 23**

Records shall be kept regarding companies that trade in weapons and military equipment.

#### **Article 24**

International payment and credit transactions related to foreign trade in weapons and military equipment shall be performed by a bank appointed by the Federal Government.

#### **Article 25**

Weapons and military equipment may be placed on the market only if produced according to the standard of defence or prescribed technical documentation and provided that they are accompanied by a conformity control certificate.

Notwithstanding the provisions of paragraph 1 of this Article, weapons and military equipment may be exported according to technical documentation stipulated in the contract signed with a foreign buyer.

#### **Article 26**

The federal authority or the public company referred to in Article 20, paragraph 2, of this Law shall determine a plan of foreign trade in weapons and military equipment.

The company engaged in the production or trade in weapons and military equipment shall adopt its plan of foreign trade in weapons and military equipment, in line with the plan referred to in paragraph 1 of this Article.

### **IV TRANSPORT OF WEAPONS AND MILITARY EQUIPMENT**

#### **Article 27**

Transport of weapons and military equipment on the territory of the Federal Republic of Yugoslavia may be performed in the prescribed manner by a company registered to perform activities of public transport.

Transit of weapons and military equipment across the territory of Federal Republic of Yugoslavia may be performed in the prescribed manner based on a permit issued by the federal authority in charge of the internal affairs.

In the course of transport and transit of weapons and military equipment, the prescribed security measures shall be undertaken.

Transport of weapons and military equipment in the territory of the Federal Republic of Yugoslavia shall be performed with armed escort provided by the consigner in compliance with the relevant regulations.

### **V SUPERVISION**

## **Article 28**

Supervision over the enforcement of this law shall be performed by the competent federal authority.

Supervision referred to in paragraph 1 of this Article shall determine whether production, trade and transport of weapons and military equipment is performed in compliance with this Law and regulations adopted for the implementation of this law.

## **Article 29**

The company engaged in the production, trade and transport of weapons and military equipment shall enable the authorized person of the competent federal authority to perform supervision.

## **Article 30**

Federal authority in charge of defence shall revoke the permit for the production of weapons and military equipment and the permit for trade in weapons and military equipment of a company if it determines that:

- 1) the permit has been issued on the basis of false data;
- 2) that the company does not operate in compliance with the provisions of this Law and provisions of the regulations adopted for the implementation of this Law, and that it has failed to remedy the identified irregularities in the set deadline;
- 3) that the company does not allow supervision.

The decision to revoke the permit referred to in paragraph 1 of this Article shall be final.

## **VI PENALTY PROVISIONS**

### **Article 31\***

*(Ceased to be in effect)*

### **Article 32**

Any party that without authorization uses the knowledge and information acquired in the process of performing tasks related to the production, trade and transport of weapons and military equipment, shall be fined for a criminal offence by imprisonment from three months to three years.

### **Article 33**

A fine in an amount of 15,000 to 150,000 new dinars shall be imposed for commercial offence on a company if:

- 1) it fails to keep and maintain weapons and military equipment and thus cause loss of

damage of larger quantities of weapons and military equipment or if it fails to notify the competent authority about such loss of weapons and military equipment within the prescribed deadline (Article 6);

2) it submits false data to the federal authority in charge of defense when filing an application for the issuance of permit for trade in weapons and military equipment (Articles 9 and 21);

3) it fails to maintain the facilities in ongoing production capacity over a longer period of time without a justified reason, (Article 14);

4) it changes the business activity, or changes the capacity, status or form of organization or engages in merger without prior approval of the federal authority in charge of defense, (Article 15);

5) it performs transport of weapons and military equipment on the territory of the Federal Republic of Yugoslavia without being registered for performing activities of public transport or if it performs such transport without armed escort (Article 27, paragraph 1 and 4);

6) it performs transit of weapons and military equipment across the territory of the Federal Republic of Yugoslavia without the permit of the federal authority in charge of the interior (Article 27, para 2).

For the actions referred to in paragraph 1 of this Article, a fine shall be imposed commercial misdemeanour also on the person in charge of the company or another legal entity in the amount from 900 to 9,000 new dinars.

## VII TRANSITIONAL AND FINAL PROVISIONS

### **Article 34**

Regulations for the implementation of this Law shall be adopted within six months from the date of entry into force of this Law.

### **Article 35**

Companies that produce weapons and military equipment shall identify and assess the value of state capital in accordance with the regulations governing the change of ownership of social capital.

The competent federal authority shall be involved in the identification and assessment of the value of state capital referred to in paragraph 1 of this Article.

### **Article 36**

As of the date of entry into force of this Law, the **Community** of Industry of Weapons and Military Equipment of Yugoslavia shall cease to exist (hereinafter: the Community).

The archives and documentation of the Community shall be taken over by the competent federal authority.

### **Article 37**

As of the date of entry into force of this Law, the following laws shall cease to be in effect: the Law on Production of Weapons and Military Equipment ("The Official Gazette SFRY", No. 30/79); the Law on Economic and Other Relations in the Production and Trade in Weapons and Military Equipment ("The Official Gazette SFRY", No. 25/79); the Law on Association into the Community of Industry of Weapons and Military Equipment of Yugoslavia ("The Official Gazette SFRY", No. 25/79 and 13/87) and Articles 26 and 27 of the Law Amending Federal Laws Regulating Fines for Commercial Offences and Misdemeanours ("The Official Gazette SRY", No. 28/96).

### **Article 38**

This Law shall enter into force on the eighth day following the date of publication in "The Official Gazette of SRY".