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## LAW ON PRODUCTION OF WEAPONS AND MILITARY EQUIPMENT

### *I – BASIC PROVISIONS*

#### **Article 1**

This Law shall regulate production and overhaul of weapons and military equipment as an activity of general interest, and other issues of importance for production and overhaul of weapons and military equipment (hereafter: "WME").

#### **Article 2**

For the purposes of this Law, the following terms shall have the following meanings:

- “*Weapons and military equipment*” – includes arms, lethal weapons and technical equipment, as well as means and composite parts intended for equipping, usage, handling, preserving, storing, maintaining and control of arms, lethal weapons and technical equipment listed in the latest “*Common Military List under the EU Code of Conduct on Arms Exports*” published in the *Official Gazette of BiH*, issue 9/03.
- “Production of WME” – is an activity which includes designing new weapons systems and equipment, development of prototypes, design and construction, small-scale and mass production of WME, research and development of WME, technologies for manufacturing of WME, military standardization, verification of WME, quality assurance system, quality control, equipping plants for WME production, production of WME, modernization and overhaul of WME in peacetime, and preparations for production and overhaul of WME in the conditions of an immediate threat of war, in the state of war or the state of emergency.
- “*WME overhaul*”- means planning, maintenance and repair, manufacturing, replacement of and complementing of parts during the mid-term and general overhaul, revisions and modifications, and the qualitative acceptance of WME after overhaul.

### **Article 3**

Production and overhaul of WME may be conducted by those legal persons which have been licensed by the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, and which have a consent of the Entity government and have been registered as legal persons for production and overhaul of WME based on their ability and capacity to manufacture WME for the armed forces in Bosnia and Herzegovina or for export.

Production, processing and installation of "B" substances may be undertaken only by the legal persons referred to in paragraph 1 of this article.

"B" substances include explosives and pyrotechnics, as follows:

- Explosives: every explosive device that incorporates highly explosive substances, TNT, DNT and RDX, explosive fuel, rocket engines and power boosters, detonators, fuses, ignition cap and means of ignition, including gunpowder, grenade fuses and all other types of projectiles, mines and bombs.
- Pyrotechnics: mixture of chemicals which, once ignited, undergo an exothermic reaction and produce visible light, heat, sound or gas, and which, since its time of combustion is known, may be used to delay fire. Propellants and explosives are not considered pyrotechnics.

### **Article 4**

Legal persons referred to in paragraph 1 of Article 3 of this Law (hereafter: "the finalists"), shall be authorized to transfer some of their authorization to produce WME to subcontractors via a cooperation contract, of which they shall inform the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina within seven days of the signing of contract.

While the cooperation contract is in force, the finalists shall be obliged and entitled to supervise the application of this Law by the subcontractors.

### **Article 5**

Production and overhaul of WME shall arise from export and import contracts, contracts with appropriate institutions in Bosnia and Herzegovina responding to the needs of the armed forces and from mutual contracts between the legal persons referred to in Article 4 of this Law.

Legal persons referred to in Article 4, paragraph 1, of this Law, shall maintain records of usage of "B" substances, usage per product and semi-manufactured product,

production plans for WME, deliveries and other records important for WME production control.

## *II – CENTRAL REGISTER*

### **Article 6**

Legal persons licensed to produce WME shall be registered with the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, with whose consent the legal person producing WME may change or amend its business activity, status and form of incorporation, or may cease to produce WME.

In order to obtain consent referred to in paragraph 1 of this Article, it is necessary for the applicant to first obtain the consent of the Entity government.

The method of maintaining the register shall be stipulated in an instruction issued by the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina.

### **Article 7**

Legal person applying for a license to produce WME shall enclose the following to its application:

1. Consent of the Entity Government;
2. Articles of Incorporation of the legal person;
3. Statute of the legal person.

Legal persons that were authorized under previous regulations to produce and overhaul WME, shall be obliged, upon the entry into force of this Law, to register with the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, by presenting documents referred to in paragraph 1 of this Article and the certificate of incorporation issued by the court of registration.

### **Article 8**

The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina shall, within 30 days of the date of application, decide to license the applicant to produce WME, or to deny the application.

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

### **Article 9**

Legal person that produces WME or is involved in the production and overhaul of WME shall protect it and maintain it in such a way as to prevent the loss of or damage to WME.

Legal person that produces WME shall establish and adopt a plan to organize and implement safety measures and protection of classified information regarding production capacities, production plans, technical documentation for production, production facilities, security and overhaul of WME.

### *III – SECURITY, SUPERVISION AND INSPECTIONS*

### **Article 10**

Security and safety in the field of production and overhaul of WME shall include measures and procedures to ensure security and safety of staff, facilities, data and means of production of WME, special tools and plants, documentation, as well as security and safety of transport and storage of WME, WME research and development, technological information, business and financial relations, and foreign relations in the field of WME production.

Security and safety referred to in the previous paragraph shall include safety measures and physical security procedures, as well as special security measures to protect confidential information, development projects, documentation, technological information, etc., from possible intelligence gathering actions, as well as safety at work, fire prevention and explosive prevention.

Legal persons developing, producing and conducting overhaul of WME, shall inform the Ministry of Security and the line Entity ministry of any disappearance of weapons and military equipment and any part thereof immediately, or within 3 days at the latest.

Security and safety in the field of WME production shall be planned, organized and conducted in line with the regulations on defense and security in Bosnia and Herzegovina and the Entities.

### **Article 11**

Inspection supervision of application of this Law shall be conducted by the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, while continuous supervision shall be conducted by the ministries of industry of the Entities.

Supervision referred to in paragraph 1 of this Article shall establish whether production and overhaul of WME is performed in accordance with provisions of this Law and its implementing by-laws.

Entity Ministry of Industry shall submit quarterly supervision reports to the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina. The method of conducting supervision and reporting shall be stipulated in an instruction issued by the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina. A separate instruction shall regulate the method, procedures and periodicity of inspections.

Legal person performing production and overhaul of WME shall make it possible for the authorized official to conduct supervision.

#### *IV- REVOKING THE LICENSE TO PRODUCE WME*

### **Article 12**

A license to produce WME shall be revoked in the following cases:

1. if the license has been issued based on false information,
2. when the legal person does not conduct its business in accordance with the provisions of this Law and implementing by-laws, and does not remove the noted deficiencies within the stipulated deadline,
3. prevents the performance of inspections/supervision.

The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, based on reports and motions, shall decide on revoking the license referred to in paragraph 1 of this Article.

The decision referred to in paragraph 2 of this Article shall be final.

*V – PENALTIES***Article 13**

1. A legal person that committed an offense shall be fined with a fine between KM 50,000 and KM 150,000 if:
  - a) it organized production and overhaul of WME in contravention of Article 3, paragraph 1, of this Law;
  - b) it obtained the license to produce WME from the authority competent to issue such a license by submitting false information, and with the license so obtained organized production and overhaul of WME.
2. Responsible physical person within the legal person shall be fined with a fine between KM 10,000 and KM 20,000 for the offense referred to in paragraph 1 of this Article.
3. Physical person shall be fined with a fine between KM 5,000 and KM 10,000, or shall be imprisoned for up to 60 days, for the offense referred to in paragraph 1 of this Article.

*VI – TRANSITIONAL AND FINAL PROVISIONS***Article 14**

In case of war or immediate threat of war, the Presidency of Bosnia and Herzegovina, upon a proposal of the Council of Ministers of Bosnia and Herzegovina, shall pass special decisions on production of weapons.

**Article 15**

All regulations necessary for the enforcement of this Law shall be passed within 60 days after the entry into force of this Law.

All tasks not covered by Articles 6, 7, 8, 12 and 13 of this Law shall be regulated by Entity regulations.

The Entities shall harmonize their regulations with the provisions of this Law within six months after the entry into force of this Law.

### **Article 16**

Within a year after the entry into force of this Law, the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina shall inspect all registered legal persons referred to in Article 4 of this Law.

### **Article 17**

This Law shall enter into force on the fifteenth day after its publication in the *Official Gazette of BiH*, and it shall also be published in the official gazettes of the Entities and the Brčko District.

Parliamentary Assembly of Bosnia and Herzegovina, number 13/04  
26<sup>th</sup> of February 2004  
Sarajevo

Speaker  
House of Representatives  
Parliamentary Assembly of BiH  
BiH  
**Dr. Nikola Špirić, signed**

Speaker  
House of Peoples  
Parliamentary Assembly of  
**Mustafa Pamuk, signed**