

**LAW ON PRODUCTION AND TRADE IN ARMS AND MILITARY EQUIPMENT**

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**I. GENERAL PROVISIONS**

**ARTICLE 1**

This Law regulates the terms and conditions for production and trade in arms and military equipment, as an activity of interest for the defense and safety of the Republic of Macedonia, planning of production and trade; import and export, transit, brokering and offset; obligations of companies and individual tradesman that are registered for trade; obligations of the ministries and other state administration bodies; quality of arms and military equipment; protection and safety of production and trade; mutual relations between the producers and tradesmen of arms and military equipment and state administration bodies.

**ARTICLE 2**

The term “arms and military equipment” (hereinafter AME) used in this Law shall imply the following:

- Functional and complete combat systems intended for providing defense and security for the Republic that are part of the basic weapon or piece of equipment (planes and hovercrafts, ships and boats, tanks, cannons, howitzers, mortars, handguns, rifles etc.);
- Any materials and items that are used in the basic weapons referred to in line 1 of this Article, as well as other means with combat or non-combat purpose (engineering and various electrical and technical means, materials for radiological-biological-chemical and personal protection, commissary technical means, maintenance and repair equipment, packaging material for transport and storage of technical and exploitation documentation, software and immaterial technology etc.).

**ARTICLE 3**

The term “AME production” used in this Law shall imply the following: research and development, adoption of technologies for production of finished products, semi finished goods, assemblies, subassemblies, parts, raw materials and reproduction materials and other technical means, modernization and furnishing production capacities, maintenance and repair of AME means, software and nonmaterial technology as well as providing other services.

#### **ARTICLE 4**

The term “AME trade” used in this Law shall imply purchasing and sales of AME in the Republic and external trade and provision of services in trade, transport (transfer), intermediation (brokerage services) and offset.

The circulation of AME in foreign trade and provision of services shall include the following:

- production equipment, semi finished goods, assemblies, subassemblies, parts, reproduction and raw materials, software and immaterial technology and other technical means;
- business and technical collaboration, production cooperation, acquiring and transfer of property rights on the basis of technology in the field of AME production;
- design, construction and provision of equipment for production capacities abroad; and
- representation of foreign companies, mediation, overhaul and other services in foreign trade circulation.

Trading companies registered in the Central Registry of the Republic of Macedonia, which have been authorized for trade in AME, are obliged to notify the Ministry of Economy of any change in the data used to obtain the authorization within seven days, from the date when the data changed.

#### **ARTICLE 4-a**

Transport (transfer) of AME shall mean import, export and transit of previously agreed quantities of AME in-between trading companies that have met the conditions referred to in Article 23 of this Law and trading companies in other countries, abroad and on the territory of the Republic of Macedonia.

Transport (transfer) of AME also implies transfer of software or technology through electronic media, faxes, telephones, electronic mail or other electronic means outside the territory of the Republic of Macedonia, and relates to the electronic access to software and technology by legal and natural persons outside the territory of the Republic of Macedonia and verbal transfer of technology by phone, if the technology is contained in a document whose important portion has been read out loud or described over the phone.

Transit of AME products implies transport or shipment of AME products from one to another country, when the goods pass through the territory of the Republic of Macedonia.

The export and import of AME products is subject to control, in order to provide for defense and security and protect the economic interests and foreign political interests of the Republic of Macedonia aimed at strengthening international peace and security, as well as at fulfilling the international obligations of the Republic of Macedonia.

#### **ARTICLE 4-b**

Mediation (hereinafter in the text of the Law: Brokering services) refers to negotiations or arrangements for buying transactions, sales or purchase of AME products from one to any other country, as well as to sales or purchase of AME products located in one country and their transfer to any other country. For the purpose of this Law, the additional services, such as transport, financial services, insurance and reinsurance, advertizing and marketing shall not be considered as brokering services.

Mediators (hereinafter: Broker) refers to trade companies or individuals performing brokering services as referred to in paragraph 1 of this Article, who meet the conditions stipulated in Article 23 of this Law.

#### **ARTICLE 4-c**

Offset means compensation, i.e. reciprocity, or other forms of payment for goods and services provided for the Army or the Police of the Republic of Macedonia, regulated with an agreement for provision of AME products and services, between a competent ministry in charge of the offset program and appropriately registered trade companies, which satisfy the conditions referred to in Article 23 of this Law.

#### **ARTICLE 5**

The Government of the Republic of Macedonia, in accordance with its rights and duties regulated in the Constitution and other laws, for reasons of providing defense and security of the Republic of Macedonia, may take actions for planning the expansion and modernization of the existing and construction of new capacities for AME production and repair.

#### **ARTICLE 6**

The production and trade in AME products whose use is banned according to the international conventions is also prohibited in the Republic of Macedonia.

#### **ARTICLE 7**

The Military Industry Directorate within the Ministry of Economy shall be responsible for all professional activities and measures related to AME production and trade.

#### **ARTICLE 7-a**

The Military Industry Directorate (MID) is headed by a Director, who shall be appointed and dismissed by the Government of the Republic of Macedonia.

An open call for appointment of the Director of the MID shall be published in three daily newspapers, which are circulated throughout the entire territory of the Republic of Macedonia, including one of the newspapers published in the language spoken by at least 20% of the citizens who speak another official language, different from the Macedonian.

Any person who meets the following conditions may be appointed as a Director of MID:

- 1) the person has to be a national of the Republic of Macedonia;
- 2) at the time of the appointment, the person should not have any prior convictions or misdemeanor sanctions imposed, thus prohibiting the performance of a certain profession, activity or duty;
- 3) the person has to have higher education (university degree) with at least 240 credits according to the ECTS or completed VII/1 level of education;
- 4) the person has to have at least five years of working experience;
- 5) in possession of at least one of the following internationally recognized certificates for active knowledge of the English language, not older than five years:
  - TOEFL IBT, score of at least 74 points;
  - IELTS, score of at least 6 points;
  - ILEC (Cambridge English: Legal) – at least B2 level;
  - FCE (Cambridge English: First) – pass
  - BULATS – score of at least 60 points or
  - APTIS – at least B2 level and

the person has passed a psychological test and an integrity test.

#### **ARTICLE 8**

The provisions of the Company Law shall be equally applicable to companies for production and trade in arms and military equipment, unless regulated otherwise by this Law.

#### **ARTICLE 8-a**

The provisions of the Law on Inspection Supervision shall be applicable to the when conducting inspection supervision, unless regulated otherwise by this Law.

## **II. PRODUCTION OF ARMS AND MILITARY EQUIPMENT**

### **1. AME Research and Development**

#### **ARTICLE 9**

Any research and development of AME shall be performed on the basis of a Research and Development Program adopted by the Government of the Republic of Macedonia

(hereinafter: the Government), upon proposal by the Ministry of Economy in cooperation with the Ministry of Defense and the Ministry of Interior.

#### **ARTICLE 10**

The Ministry of Economy – Military Industry Directorate, the Ministry of Defense and the Ministry of Interior shall be responsible for AME research and development.

Public scientific institutions, companies that produce AME and other scientific organizations involved in scientific and research activities may also work on AME research and development, in accordance with the applicable laws.

#### **ARTICLE 11**

The Program referred to in Article 9 of this Law, shall be financed by the State Budget of the Republic of Macedonia, as well as by other funding sources for the same purpose.

### **2. AME production**

#### **ARTICLE 12**

A company may produce AME if it has acquired a prior approval from the Government and if the company meets the following conditions:

- 1 Appropriate production facilities and space for storage and safekeeping of AME; ensuring appropriate professional personnel for AME production, as well as appropriate technical and technological equipment and protection required for AME production;
- 2 Proof of quality control in place; and
- 3 No convictions and security measures imposed – prohibition of performing professional duties and activities for the company or the responsible person in the company.

The Ministry of Economy, in agreement with the Ministry of Defense and the Ministry of Interior shall regulate the conditions referred to in items 1, 2 and 3 of this Article in more detail.

#### **ARTICLE 13**

With a previous approval by the Government, foreign companies and natural persons alone or along with domestic companies and natural persons may be founders of other companies for AME production.

Foreign companies and natural persons may invest in existing AME production companies, if they obtain previous approval by the Government.

#### **ARTICLE 14**

The request for approval of AME production shall be filed with the Ministry of Economy.

The request referred to in paragraph 1 of this Article shall be accompanied by appropriate evidence, showing that the conditions listed in Article 12 of this Law have been met.

If the company meets the conditions listed in Article 12 of this Law, upon proposal by the Ministry of Economy, and after obtaining previous opinions from the Ministry of Defense and the Ministry of Interior, the Government shall provide an approval of operations, within a period of 60 days from the date of receipt of the proposal from the Ministry of Economy.

The ministries referred to in paragraph 3 of this Article shall deliver their opinions within a period of 30 days, from the date when they have received the requests from the Ministry of Economy.

One may file an action and initiate an administrative dispute before the Administrative Court against the notification by the Government of the Republic of Macedonia of the decision to reject the request for approval.

#### **ARTICLE 15**

The Ministry of Economy shall maintain a separate company registry with regard to issued approvals for AME producers.

The Minister of economy shall prescribe the content, form and the manner of maintaining the registry referred to in paragraph 1 of this Article.

#### **ARTICLE 16**

AME producers should start their business operations within six months from the day when they got the approval by the Government at the latest.

#### **ARTICLE 17**

The registration of the business activity in the trade registry for the producers of AME in relation to Article 14, paragraph 3 of this Law shall not be possible, unless the company provides an approval by the Government.

#### **ЧЛЕН 18**

The Government may revoke the approval for AME production from Article 14, paragraph 3 of this Law if:

- it has been obtained based on incorrect data;
- the company does not start its business operations within the deadline prescribed in Article 16 of this Law;

- the company no longer meets the required conditions for operation;
- initiates production unjustifiably; and
- performs actions that are not listed in the operations approval.

The Ministry of Economy shall be obliged to notify the Central Registry of the Republic of Macedonia about any revoked approvals and ask for the company's AME production business activity to be deleted from the trade registry.

#### **ARTICLE 19**

Any legal acts on AME producers on file at the trade registry related to their incorporation and organization, as well as any supporting documentation at the trade registry, shall be considered as secret data related to the defense and security of the Republic as referred to in the Decree on the Criteria and Protection Measures for the Secrecy of Data Important to the Defense ("Official Gazette of the Republic of Macedonia" number 36/94).

If so required in order to protect the defense and security interests of the country, the title, i.e. business name of the AME producer shall not contain any markers of the business activity performed by the company.

#### **ARTICLE 20**

For certain specific tasks and operations that are part of the AME production process for the benefit of the defense and security of the Republic, it shall be possible for certain professionals from the Ministry of Economy, the Ministry of Defense and the Ministry of Interior to be seconded for work in AME production companies. Any mutual rights and obligations between the Ministry of Economy, the Ministry of Defense and the Ministry of Interior and the production company where the professionals have been seconded shall be regulated with a separate agreement.

#### **ARTICLE 21**

AME producers may establish business and technical cooperation with foreign legal and natural persons only after they have previously obtained an approval from the Government.

The term "business and technical cooperation" as referred to in paragraph 1 of this Article shall mean in particular: joint research, development and production of arms and military equipment, training of professional personnel and export and import of technology for AME production.

The request for getting the approval referred to in paragraph 1 of this Article has to be filed with the Ministry of Economy – Military Industry Directorate.

If the request of the applicant does not meet the requirements as referred to in Article 12 of this Law, the Minister of economy shall reject the request by means of a decision.

The applicant may appeal the decision referred to in paragraph 4 of this Article to the State Committee for administrative proceedings and second instance labor relations proceedings within 15 days from the day of receipt of the decision.

## **ARTICLE 22**

Any domestic producers of arms and military equipment, who have common products in cooperation with other foreign producers, shall have the right to import parts and complete products made by their foreign partners, without previously having to enter into separate agreements with the Ministry of Defense or the Ministry of Interior.

## **III. MARKETING AND TRADE**

### **ARTICLE 23**

Marketing and trade in AME in the Republic and abroad shall be allowed for AME producers, trading companies and individual tradesmen registered for marketing and trade, which are registered in the Central Registry of the Republic of Macedonia on the basis of a Government decision for approval of their business activity if the company meets the following requirements:

1. Trade registry certificate;
2. Appropriate working facilities and sufficient space for storage and safekeeping of AME equipment and documents, appropriate professional staff, as well as AME technical and protective equipment;
3. No enforceable judgments imposing protective measures - prohibition of performing professional duties and activities for the company or the responsible person in the company.

Brokering services may also be provided by individual tradesmen, after they have previously obtained an approval by the Government of the Republic of Macedonia, if the person meets the requirements referred to in paragraph 1, items 1 and 3 of this Article and disposes of an appropriate business space and equipment for storage and safekeeping of AME documentation.

In consent with the Minister of defense and the Minister of interior, the Minister of economy shall prescribe the conditions referred to in paragraph 2, item 2 of this Article in more detail.

### **ARTICLE 24**

Foreign legal and natural persons alone, or together with other domestic legal and natural persons may be founders of AME trading companies, if they have obtained a previous approval by the Government.

The responsible person in the legal person and the natural person referred to in paragraph 1 of this Article should be a national and resident on the territory of the Republic of Macedonia and if the person is a foreigner, he or she should have permanent legal residence



on the territory of the Republic of Macedonia, unless prescribed otherwise by some ratified international agreement.

#### **ARTICLE 24-a**

The request for getting an approval for trade in AME shall be filed with the Ministry of Economy using a legally prescribed application form.

The Minister of economy shall prescribe the form and content of the application form referred to in paragraph 1 of this Article.

The request referred to in paragraph 1 of this Article shall be accompanied by evidence proving that the conditions referred to in Article 23 of this Law have been met.

If the application does not satisfy the conditions referred to in Article 23 of this Law, the Minister of economy shall reject the application by means of a decision.

The applicant may appeal the decision referred to in paragraph 4 of this Article with the State Commission for Administrative Disputes and Second Instance Labor Relations Proceedings within 15 days from receipt of the decision.

If the company satisfies the conditions referred to in Article 23 of this Law, upon a motion by the Ministry of Economy, and after previously obtaining an opinion from the Ministry of Defense and the Ministry of Interior, the Government shall approve the application within 60 days from the date when it received the motion by the Ministry of Economy.

The Ministry of Defense and the Ministry of Interior shall be obliged to deliver their opinions within a period of 15 days, from the date when the motion by the Ministry of Economy was delivered.

One may appeal the decision by the Government to reject the application, by initiating an administrative dispute before the Administrative court.

#### **ARTICLE 24-b**

The Government may revoke its approval for AME trade as referred to in Article 24-a of this Law, if:

- it has been provided on the basis of false information;
- the company does not meet the operational conditions any longer; and
- the company is involved in activities that are not indicated in the approval provided.

The Ministry of Economy shall notify the Central Registry of the Republic of Macedonia about any revoked approvals and shall ask for the trade in AME activity to be deleted from the trade registry of the specific company.

#### **ARTICLE 25**

Any AME may be placed on the market if the producers meet the prescribed requirements as follows:

- Any AME intended for defense purposes should be examined and approved by the Ministry of Defense, and AME intended for security purposes should be examined and approved by the Ministry of Defense and the Ministry of Interior and if they are to be exported, they have to coincide with the technical documentation and the conditions established in the agreement with the foreign buyer, as approved by the Ministry of Defense; characteristics and quality as provided for in the technical documentation; and
- Quality certificate issued by the Ministry of Defense or the Ministry of Interior as appropriate.

#### **ARTICLE 26**

Any AME may be marketed if, apart from meeting the conditions referred to in Article 25 of this Law, they dispose of the appropriate technical documentation.

The term “technical documentation” in the sense of paragraph 1 of this article shall include the following in particular:

- construction documentation, technical conditions i.e. product quality regulations and the specific part of the technical documentation, required to ensure and control the prescribed quality of AME, as approved by the Ministry of Defense;
- prescribed standards provided for the production of specific types of AME; and
- technical rules and manuals for operation, maintenance and repair and a list of all AME components, tools and accessories that are being marketed in the Republic.

#### **ARTICLE 27**

The detailed regulations on the conditions and technical documentation with respect to Articles 25 and 26 of this Law shall be adopted by the Minister of defense, in agreement with the Minister of interior.

#### **ARTICLE 28**

The Ministry of Economy shall maintain companies register on all issued approvals for marketing and trade in AME.

The Minister of economy shall prescribe the content, form and the manner of maintaining the registry referred to in paragraph 1 of this Article.

#### **ARTICLE 29**

The recording of the business activity in the AME marketing trade registry in the sense of Article 23 of this Law, shall not be possible unless one encloses the approval given by the Government.

### **ARTICLE 30**

The customs procedure, customs clearance and customs control of AME, which is imported or exported abroad shall be conducted at the location of the producer, importer or the Ministry of Defense i.e. the Ministry of Interior. The customs control shall be conducted in the presence of a representative from the Ministry of Defense i.e. the Ministry of Interior.

### **ARTICLE 31**

The detailed regulations on the customs procedure, customs clearance and customs control of AME shall be adopted by the Minister of finance, in agreement with the Minister of defense and the Minister of interior.

### **III-a COMMITTEE FOR REVIEW OF APPLICATIONS FOR EXPORT AND IMPORT LICENSES, TRANSIT, BROKERING SERVICES AND OFFSET**

#### **ARTICLE 31-a**

The Government of the Republic of Macedonia shall establish a Committee for review of the applications for AME export and import licenses, transit, brokering services and offset.

The Committee shall have a President, Deputy President, five members and five deputy members, all representatives of the Ministry of Economy, Ministry of Defense, Ministry of Interior, Ministry of Foreign Affairs and the Customs Administration of the Republic of Macedonia.

The Committee shall be managed by its President from the Ministry of Economy. The Deputy President shall be another member of the Committee, also a representative of the Ministry of Economy.

The Committee referred to in paragraph 1 of this Article shall perform the following duties:

- review all applications for licensing for export and import, transit, brokering services and offset of AME and providing an opinion on all applications received;
- raise initiatives to regulate issues related to the export and import, transit, brokering services and offset of AME, with this law or other regulations in the defense field;
- establishment of cooperation with other competent international institutions and bodies responsible for the same issues that are under its competence; and
- application of the "Common military list of the EU" and observance of the restrictive measures in accordance with the Law on Restrictive Measures.

Any opinions by the Committee shall be adopted by means of a consensus.

The Committee shall enact a Rulebook that will regulate its operation.

Any administrative and technical services for the Committee shall be provided by the Ministry of Economy in accordance with the legal act for the organizational setup.

The Committee shall provide the Government with a report on its operations at least once a year.

The report shall be delivered during the first quarter of the current year for the previous year.

Upon a motion by the Ministry of Economy, the Government of the Republic of Macedonia shall publish the “Common military list of the EU” in the “Official Gazette of the Republic of Macedonia”.

### **III-b EXPORT AND IMPORT, TRANSIT, BROKERING AND OFFSET**

#### **ARTICLE 31-b**

Any company that meets the conditions referred to in Article 23 of this Law may engage in export and import of AME products on the basis of an issued license for export and import of AME (hereinafter: export-import license).

The export-import license referred to in paragraph 1 of this Article shall be issued by the Ministry of Economy.

The export-import license referred to in paragraph 1 of this Article shall be issued only for a single tariff code from the customs products tariff listed in the “Common Military List of the EU”.

#### **ARTICLE 31-c**

Any company or individual tradesman (broker) who meets the requirements referred to in Article 23 of this Law, may engage in brokering services of AME products on the basis of an issued license for brokering services of AME products (hereinafter: brokering license).

The Ministry of Economy shall issue the brokering license referred to in paragraph 1 of this Article.

The brokering license shall be issued only for a single tariff code from the customs products tariff listed in the “Common Military List of the EU”.

#### **ARTICLE 31-d**

Companies referred to in Article 23 of this Law may engage in transit of AME products, on the basis of an issued license for transit of AME products (hereinafter: transit license).

The Ministry of Economy shall issue the transit license referred to in paragraph 1 of this Article.

#### **ARTICLE 31-e**

Companies and individual tradesmen who meet the requirements referred to in Article 23 of this Law, shall file their applications for export-import, transit and brokering services licenses with the Ministry of Economy.

The application for license referred to in paragraph 1 of this Article should be accompanied by the following data:

- Company name and registered office of the consignor, transporter and consignee;
- Company name and registered office of the AME producer;
- Type, brand, quantity, factory and serial number of the AME product;
- Transport route and storage location; means of transport and vehicle, registration plates number, personal name of the driver and personal ID number (personal identification card or passport) of the driver;
- Port of entry that is to be used during the transport; and
- Security measures to be utilized during the transport.

The Minister of economy shall prescribe the manner in which export-import, transit and brokering licenses are to be issued, as well as the form and content of the application and the license.

The application referred to in paragraph 1 of this Article shall be accompanied by a clear description of the products and any evidence necessary to validate the data in the application such as technical characteristics, sketches, blueprints, photographs and other documentation for identification of AME products.

In addition to the application, any company or individual tradesman (broker) who meets the requirements referred to in Article 23 of this Law, shall also produce an original contract and “end user certificate”, or a validated copy by an authorized court translator and notary public.

Brokers shall also be obliged to produce data on the location of origin of the AME products.

#### **ARTICLE 31-f**

The Committee shall provide an opinion regarding the application referred to in Article 31-e within 15 days after the application has been properly filed, that is within 60 days, if the procedure of issuing the license requires additional checks.

The Ministry of Economy shall be obliged to issue the required license within a period of seven days, after receiving the opinion by the Committee.

If the Committee refuses to approve the application for export-import, transit and brokering services, the Ministry of Economy, within a period of 7 days shall enact a decision, whereby it shall reject the license application.

The Ministry of Economy shall inform the applicant about the reasons due to which the Committee did not approve the requested license, unless the position of the Committee is based on certain information, which, to a certain degree, by law, or on the basis of certain criteria from the Law on Classified Information have been identified as classified or have been protected by other law that regulates the protection of personal data.

The applicant may appeal the decision referred to in paragraph 3 of this Article to the State Committee for administrative proceedings and second instance labor relations proceedings within 15 days from the day of receipt of the decision.

#### **ARTICLE 31-g**

Export-import, transit and brokering licenses issued by the Ministry of Economy shall be valid for a period of six months from the date of issuance.

Any of the licenses referred to in paragraph 1 of this Article shall be issued in five copies: three of the copies shall be intended for the applicant, out of which one is to be delivered to the customs authority during export, one to the Ministry of Interior – Border Police and the third one to be kept by the applicant; one copy shall be delivered to the Customs Administration of the Republic of Macedonia and the last copy to be kept at the Ministry's registry.

#### **ARTICLE 31-h**

The Ministry of Economy shall reject the application for an export-import, transit or brokering license when it believes that the export-import, transit or brokering service related to AME products may cause negative consequences due to:

- threats to the duty of meeting certain international obligations of the Republic of Macedonia;
- threats to the security or defense interests of the Republic of Macedonia;
- threats to any foreign-policy or economic interests of the Republic of Macedonia or anything that might be contrary to such interests;
- possibilities of a breakout or continuation of armed conflicts in the country, which is the end user of the AME products;
- possibilities for the arms and military equipment to be used for domestic repression in the country, which is the end user of the specific AME products;
- the intended end use and possible risk of abuse; and
- drawn conclusion that the effects of the AME products do not correspond with the indicated data in the application filed with the Ministry or if the exporter or producer, upon request by the Ministry, did not provide for inspection of the AME products or the accompanying documentation.

#### **ARTICLE 31-i**

Upon request by a company or individual tradesman or ex-officio, by means of a decision, the Minister of economy may revoke the license for export-import, transit or brokering license if:

- it establishes that one or more requirements on the basis of which the license has been issued are not longer being met; and
- when the exporter no longer performs the obligations as established by the license.

The Minister of economy shall nullify the license for export-import, transit or brokering license if:

- the license was issued on the basis of incorrect or incomplete data, and the applicant knew or should have known that the data was incorrect or incomplete;

- the exporter, i.e. the broker did not notify the Ministry of Economy of any changes related to the AME products;
- the exporter has transferred the export license to another exporter; and
- there is a change in the status of the restrictive measures, in accordance with the Law on International Restrictive Measures.

#### **ARTICLE 31-j**

Any company or individual tradesman as referred to in Article 23 of this Law may appeal the decision by the Minister of economy referred to in Article 31-i and file a complaint with the competent administrative court.

Any complaint as referred to in paragraph 1 of this Article shall not postpone the enforcement of the decision.

#### **ARTICLE 31-k**

Offset programs shall be produced for the implementation and realization of any offset obligations.

Pursuant to its needs, the Ministry of Defense shall enact an offset program in cooperation with the Ministry of Economy and the Ministry of Finance.

Pursuant to its needs, the Ministry of Interior shall enact an offset program in cooperation with the Ministry of Economy and the Ministry of Finance.

In particular, the offset program shall contain the following: established priorities and goals, type of arrangement (direct or indirect), value, list of requirements, offset period, coefficients and transactions (functional combat systems, means and equipment, materials that are required for the basic means, transfer of technology).

Any programs referred to in paragraphs 2 and 3 of this Article shall be approved by the Government of the Republic of Macedonia.

### **III-c. OBLIGATIONS OF COMPANIES AND INDIVIDUAL TRADESMEN WHO ARE REGISTERED FOR AME TRADE**

#### **ARTICLE 31-l**

Any companies and individual tradesmen registered for AME trade shall be obliged to keep all invoices, delivery notes, receipts and packing lists for all types of transport as well as any other documentation that is related to the AME products for at least ten years following the end of the specific calendar year, in which every individual transaction i.e. service involving AME products has been made.

The documentation referred to in paragraph 1 of this Article shall contain the following data in particular:

- description of the AME products that would enable their identification, as well as a tariff code pursuant to the applicable Customs Tariff;

- quantity of the goods expressed in unit numbers and net weight;
- full name and title of the exporter, as well as data from the appropriate registry;
- full name and title of the importer of the AME products; and
- full name and title of the end-user.

#### **ARTICLE 31-m**

Any exporter of AME products is obliged:

- to maintain separate records about all exported AME products;
- to perform its activity in accordance with the conditions and requirements as defined in the export license; and
- to immediately notify the Ministry in writing, about any change in the conditions of exporting AME products.

Exporters shall not be allowed to transfer their export licenses to other exporters.

Any broker of AME products is obliged:

- to maintain separate records about all brokering services related to AME products;
- to perform its activity in accordance with the conditions and requirements as defined in the brokering license; and
- to immediately notify the Ministry in writing, about any change in the conditions for brokering of AME products.

### **III-d. OBLIGATIONS OF THE MINISTRIES AND OTHER ADMINISTRATIVE AUTHORITIES**

#### **ARTICLE 31-n**

The Ministry of Economy shall maintain a registry of all issued export-import, transit and brokering licenses, as well as of all rejected license applications.

The Minister of economy shall prescribe the contents, for and the manner in which the registry referred to in paragraph 1 of this Article is to be kept.

The Ministry of Economy shall notify the Customs Administration about every single rejected license application, as well as about every single revoked license for export-import or transit of AME.

#### **ARTICLE 31-o**

While performing its duty of verifying whether the conditions for issuance of the licenses referred to in Articles 31-b, 31-c and 31-d of this Law have been met, the Ministry of Economy shall collaborate with other Ministries in the Republic of Macedonia and other competent authorities in other countries.

### **III-e . SUPERVISION**



#### **ARTICLE 31-p**

The Ministry of Economy shall perform the supervision of the implementation of the provisions of this Law through the inspectors from the Military Industry Directorate, authorized to perform the tasks and duties of inspection supervision.

The Minister of Economy shall prescribe the manner in which the professional supervision is to be performed by the Military Industry Directorate (hereinafter: the Directorate).

The Directorate's Director shall adopt an Annual program for inspection supervision and produce monthly plans for inspection supervision.

By 31<sup>st</sup> of March in the current year, the Director shall be obliged to deliver an Annual Report to the Ministry of Economy regarding the inspection supervision performed during the previous year.

When conducting the supervision referred to in paragraph 1 of this Article, the inspectors shall have the following rights:

- to ask for information and data required for the supervision from any individuals involved in AME production and trade activities;
- to ask for opinions from other competent authorities and institutions;
- to perform supervision of each and every individual transaction or service involving AME Products, as well as to compare any AME product's data with the data contained in the issued license;
- to inspect any business premises, production facilities and storage facilities that belong to companies and individual tradesmen who are registered for production and trade in AME; and
- Whenever necessary, the Directorate may file a request with any of the competent institutions for getting any information required for supervision purposes.

#### **ARTICLE 31-q**

Any person meeting the general requirements prescribed by the Civil Servants Law, who has also acquired at least 240 credits according to the ECTS or has a university degree in Philosophy – defense studies, degree in security or an engineering degree and at least three years of professional experience, may be appointed as an Inspector of the Directorate in charge of supervisions tasks and duties, in accordance with the provisions of Article 31-p of this Law.

For the purpose of performing their tasks and duties of inspection supervision, the inspectors from the Directorate, pursuant to Article 31-p of this Law, shall dispose of an official identification document that establishes their official capacity, which they shall be obliged to present whenever practicing their authority.

The Minister of economy shall prescribe the form and contents of the ID document, as well as the manner in which it is to be issued or revoked.

The Minister of economy shall issue the official ID.

#### **ARTICLE 31-r**

Inspectors from the Supervision Directorate shall be obliged to produce a report regarding any conducted inspection supervision, which shall contain the findings concerning the established factual situation.

The report shall be signed by the individuals who took part in the inspection supervision procedure.

#### **ARTICLE 31-s**

If, during the inspection, the inspector referred to in Article 31-p of this Law, establishes any irregularities contrary to this Law, he or she shall pass a decision for temporary prohibition of operations for a period of 30 days and shall temporarily seize any related items, and also order for the irregularities identified during the inspection to be eliminated within a period of 15 days.

Any seized products or equipment related to the infringement shall be stored in appropriate warehouses owned by the Ministry of Defense, i.e. the Ministry of Interior until the completion of the entire proceedings.

The inspectors referred to in Article 31-p of this Law shall issue a receipt for any seized items as referred to in paragraph 1 of this Article.

One may appeal the decision referred to in paragraph 1 of this Article with the State Committee for administrative proceedings and second instance labor relations proceedings.

Any appeal against the decision referred to in paragraph 1 of this Article shall not postpone the enforcement of the decision.

### **IV. QUALITY OF ARMS AND MILITARY EQUIPMENT**

#### **ARTICLE 32**

AME producers shall be obliged to ensure a certain level of quality of their products in accordance with Macedonian standards, i.e. in accordance with the appropriate international standards that have been adopted by the Republic.

#### **ARTICLE 33**

In order to ensure the necessary level of quality and safety of AME in the production process and prior to delivery, AME producers shall be obliged to organize their own process of quality and safety control and assurance.

The quality and safety control and assurance of AME for defense purposes shall be performed by the Ministry of Defense, and by the Ministry of Defense and the Ministry of Interior for security purposes.

AME producers shall be obliged to satisfy all requirements necessary for quality and safety control and assurance as referred to in paragraph 2 of this Article.

#### **ARTICLE 34**

Any imports of AME shall also be subject to quality and safety control and assurance pursuant to the provisions of this Law.

The control as referred to in paragraph 1 of this Article may also be performed for imports of AME upon request of the AME producer, if it is not already regulated by the sales agreement.

## **V. PROTECTION AND SAFETY OF THE PRODUCTION AND TRADE IN ARMS AND MILITARY EQUIPMENT**

### **ARTICLE 35**

The protection and safety of the production and trade in AME covers:

- measures and procedures for securing and protection of AME production facilities and warehouses used for storage and safekeeping of AME.
- safety measures for transport of AME;
- safekeeping and protection of the confidential data of the production facilities and warehouses for storage and safekeeping of AME and data on the production and trade in AME, as well as other prescribed safety and protection measures in the field of defense.

### **ARTICLE 36**

AME producers, trading companies and individual tradesmen are obliged to establish and implement safety and protection measures as provided for in this Law and in all other regulations enacted on the basis of this Law, as well as all other regulations that regulate the protection and safekeeping of any confidential data in the field of defense and security and data related to the handling of explosives, flammable and other hazardous substances.

The provision in paragraph 1 of this Article also refers to all other legal and natural persons, who, for any reason, use their business facilities for storage or safekeeping of AME.

### **ARTICLE 37**

For the purpose of protection and security of their buildings, facilities, raw materials and finished products, AME producers shall be obliged to establish a security department and units.

### **ARTICLE 38**

In the vicinity of structures that are used for production, storage and safekeeping of AME, one shall not raise other structures without prior approval by the Government.

In the vicinity of the structures referred to in paragraph 1 of this Article, one may prohibit any presence and movement if that may threaten the safety of the citizens or the structure itself.

The areas in the vicinity of the structures referred to in paragraph 1 of this Article shall be determined by the Government.

#### **ARTICLE 39**

AME producers shall adopt plans for technical and physical security and protection against fires of their facilities used for production, storage and safekeeping of AME and other plans for implementing safety and protection measures, as well as more detailed instructions for the implementation of those measures, in accordance with the regulations that provide for these issues.

#### **ARTICLE 40**

Any data on AME production facilities, programs, development plans, export and import of AME, scientific and technical foreign cooperation in the field of production and trade in AME, shall be considered as confidential information with respect to the defense and security of the Republic.

#### **ARTICLE 41**

Ammunition, explosives and other AME recognized as hazardous materials, shall be transported with special or standard commercial vehicles with appropriate escort in accordance with the regulations for transport of hazardous materials. AME producers, AME trading companies and individual tradesmen, i.e. transporters of AME, shall be responsible for safekeeping of these materials until the final delivery to the buyer, i.e. end user.

The Minister of defense, in agreement with the Minister of interior shall enact the specific regulations on the measures and the manner in which AME transport should be provided for.

#### **ARTICLE 42**

AME producers, AME trading companies and individual tradesmen and other entities, who maintain AME items for their own purposes or dispose of AME for any reason, shall be obliged to maintain separate AME records, in a manner as prescribed by the Minister of defense in agreement with the Minister of interior.

For any missing AME or parts of theirs, the entities referred to in paragraph 1 of this Article shall be obliged, immediately, and within 24 hours at the latest, to notify the Ministry of Defense and the Ministry or Interior thereof.

#### **ARTICLE 43**

The Ministry of Defense and the Ministry of Interior shall be in charge of controlling the implementation of the safety and protection measures in the field of production and trade in AME.

The Minister of defense, in agreement with the Minister of interior shall prescribe the manner in which the control referred to in paragraph 1 of this Article should be performed.

## **VI. RELATIONS BETWEEN AME PRODUCERS, TRADING COMPANIES AND INDIVIDUAL TRADESMEN AND THE STATE AUTHORITIES**

### **ARTICLE 44**

The rights and obligations in relation to the expression of needs and production and trade in AME for the purpose of defense and security of the Republic shall be regulated by an agreement concluded between the AME producer or AME trader and the Ministry of Defense, i.e. the Ministry of Interior.

### **ARTICLE 45**

The Ministry of Defense and the Ministry of Interior, in cooperation with the Ministry of Economy, based on the plans for providing equipment and development of the army and the police of the Republic, shall prepare plans for the needs for production of arms and military equipment by domestic and foreign producers.

***Article 46 has been deleted; please see: Law on Changes and Amendments of the Law on Production and Trade in Arms and Military Equipment ("Official Gazette of RM", number 145/10).***

### **ARTICLE 47**

The Government shall more specifically define the items referred to in Article 2 of this Law, which are being considered as AME.

## **VII. MISDEMEANOR PROVISIONS**

### **ARTICLE 48**

Any company – producer or trader in AME that commits a misdemeanor offense shall be fined by the competent court in the amount of 4,000 to 8,000 Euro payable in Denars, if it:

- 1) produces or trades in AME without the proper approval issued by the Government of the Republic of Macedonia (Article 12);
- 2) does not meet the requirements as defined in Articles 31-b, 31-c, 31-d and 31-l of this Law;
- 3) does not meet the requirements as defined in Articles 23 and 24 of this Law.

Any responsible person within the legal person that commits a misdemeanor offense as referred to in paragraph 1 of this Article shall be fined by the competent court in the amount of 2,000 to 4,000 Euro payable in Denars.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the legal entity with a misdemeanor sanction of prohibition of production and trading in AME for a period of one to five years.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the responsible person within the legal person with a misdemeanor sanction of prohibition of performing professional duties for a period of one to five years.

In the events as referred to in paragraph 1, items 1 and 2 of this Article, the court shall also impose another separate misdemeanor sanction of forfeiture of the instrumentalities of the misdemeanor offense.

For any misdemeanor offenses regulated in this Article, the Ministry of Economy, through the Military Industry Directorate shall be obliged to initially offer the offender the possibility of reconciliation, before actually filing a motion to initiate a misdemeanor procedure before the competent court.

Any natural person who commits any of the misdemeanor offenses referred to in paragraph 1 of this Article, shall be fined in the amount of 1,000 to 2,000 Euro payable in Denars.

#### **ARTICLE 49**

Any legal person – producer of AME that commits a misdemeanor offense shall be fined by the competent court in the amount of 2,000 to 4,000 Euro payable in Denars, if it:

- 1) does not ensure sufficient level of quality in the production of AME in accordance with the Macedonian standards, i.e. international standards that have been adopted in the Republic (Article 32);
- 2) does not provide for quality control and safety of AME when importing AME (Article 34);
- 3) does not establish and implement safety and protection measures in the production of AME as provided for in this Law and in all other regulations enacted on the basis of this Law, as well as all other regulations that regulate the protection and safekeeping of any confidential data in the field of defense and security and data related to the handling of explosives, flammable and other hazardous substances (Article 35);
- 4) does not establish a security department and units (Article 37);
- 5) Raises other structures in the vicinity of structures that are used for production, storage and safekeeping of AME, without prior approval by the Government (Article 38);

- 6) Does not adopt plans for technical and physical security and protection against fire of the facilities used for production, storage and safekeeping of AME and other plans for implementing safety and protection measures (Article 39);
- 7) Does not observe the regulations on the measures to be taken and safety to be provided during transport of AME (Article 41); and
- 8) Does not maintain separate records on the AME at its disposal (Article 42).

Any responsible person within the legal person that commits a misdemeanor offense as referred to in paragraph 1 of this Article shall be fined by the competent court in the amount of 500 to 1,000 Euro payable in Denars.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the legal entity with a misdemeanor sanction of prohibition of AME production for a period of one to five years.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the responsible person within the legal person with a misdemeanor sanction of prohibition of performing professional duties for a period of one to five years.

For any misdemeanor offenses referred to in items 1 to 8 of this Article, the Ministry of Economy, through the Military Industry Directorate shall be obliged to initially offer the offender the possibility of reconciliation, before actually filing a motion to initiate a misdemeanor procedure before the competent court.

#### **ARTICLE 50**

Any legal person – producer of AME that commits a misdemeanor offense shall be fined by the competent court in the amount of 2,000 to 4,000 Euro payable in Denars, if it:

- 1) Trades in AME without meeting the requirements as defined in Article 25 of this Law;
- 2) Does not ensure sufficient level of quality in the production of AME in accordance with the Macedonian standards, i.e. in accordance with the appropriate international standards that have been adopted in the Republic (Article 32, paragraph 1);
- 3) Imports AME without previously performing a proper quality control of the AME (Article 34, paragraph 1);
- 4) does not establish and implement safety and protection measures in the production of AME as provided for in this Law and in all other regulations enacted on the basis of this Law, as well as all other regulations that regulate the protection and safekeeping of any confidential data in the field of defense and security and data related to the handling of explosives, flammable and other hazardous substances (Article 36, paragraph 1);
- 5) does not establish a security department and units (Article 37);

- 6) Raises other structures in the vicinity of structures that are used for production, storage and safekeeping of AME, without prior approval by the Government (Article 38);
- 7) Does not adopt plans for technical and physical security and protection against fires of the facilities used for production, storage and safekeeping of AME and other plans for implementing safety and protection measures, as well as more detailed instructions for the implementation of those measures, in accordance with the regulations that provide for these issues (Article 39);
- 8) Does not maintain separate records on the AME at its disposal (Article 42, paragraph 1);
- 9) Does not notify the Ministry of Defense and the Ministry of Interior about any missing AME or parts of theirs, immediately, or within 24 hours at the latest (Article 42, paragraph 2).

Any responsible person within the legal person that commits a misdemeanor offense as referred to in paragraph 1 of this Article shall be fined by the competent court in the amount of 500 to 1,000 Euro payable in Denars.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the legal entity with a misdemeanor sanction of prohibition of AME production for a period of one to five years.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the responsible person within the legal person with a misdemeanor sanction of prohibition of performing professional duties for a period of one to five years.

For any misdemeanor offenses referred to in items 1 to 9 of this Article, the Ministry of Economy, through the Military Industry Directorate shall be obliged to initially offer the offender the possibility of reconciliation, before actually filing a motion to initiate a misdemeanor procedure before the competent court.

#### **ARTICLE 51**

Any legal person – producer or trader in AME that commits a misdemeanor offense shall be fined by the competent court in the amount of 4,000 to 8,000 Euro payable in Denars, if:

- 1) Without a previous approval by the Government, it incorporates another company for production or trade in AME or provides for investment of funds by foreign legal or natural persons in another company, which produces or trades in AME (Article 13); and
- 2) it establishes business and technical cooperation with foreign legal and natural persons without a prior approval from the Government (Article 21, paragraph 1).



Any responsible person within the legal person that commits a misdemeanor offense as referred to in paragraph 1 of this Article shall be fined by the competent court in the amount of 500 to 1,000 Euro payable in Denars.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the legal entity with a misdemeanor sanction of prohibition of AME production and trade for a period of one to five years.

Apart from the fine referred to in paragraph 1 of this Article, the competent court shall also punish the responsible person within the legal person with a misdemeanor sanction of prohibition of performing professional duties for a period of one to five years.

In the events as referred to in paragraph 1, items 1 and 2 of this Article, the court shall also impose another separate misdemeanor sanction of forfeiture of the instrumentalities of the misdemeanor offense.

For any misdemeanor offenses referred to in this Article, the Ministry of Economy, through the Military Industry Directorate shall be obliged to initially offer the offender the possibility of reconciliation, before actually filing a motion to initiate a misdemeanor procedure before the competent court.

## **VIII. TRANSITIONAL AND FINAL PROVISIONS**

### **ARTICLE 52**

The existing AME production companies shall be obliged to harmonize the conditions of their operations with the provisions of this Law, within six months from the date of entry into force of this Law.

### **ARTICLE 53**

The bylaws provided for in this Law shall be enacted within six months from the date of its entry into force.

Until the enactment of the regulations referred to in paragraph 1 of this Article, one shall apply the secondary legislation that has been enacted based on the laws that have been applicable until the date when this Law entered into force.

### **ARTICLE 54**

The following legal acts shall no longer be valid as of the day of entry into force of this Law:

The Law on Production of Arms and Military Equipment ("Official Gazette of SFRY", number 30/79), the Law on Economic and Other Relations in the Production and Trade of Arms and Military Equipment ("Official Gazette of SFRY", number 25/79) and the Law on Association in the Community of the Industry for Arms and Military Equipment of Yugoslavia ("Official Gazette of SFRY, number 25/79).

### **ARTICLE 55**

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia”.

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Note;

The consolidated text of the Law on Production and Trade in Arms and Military Equipment comprises of the basic text of the Law published in the “Official Gazette of RM” number 54/02, the Law on Changes to the Law on Production and Trade in Arms and Military Equipment published in the “Official Gazette of RM” number 84/07, the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment published in the “Official Gazette of RM” number 161/09, the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment published in the “Official Gazette of RM” number 145/10, the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment published in the “Official Gazette of RM” number 119/13, the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment published in the “Official Gazette of RM” number 164/13 and the Law on Amendments to the Law on Production and Trade in Arms and Military Equipment published in the “Official Gazette of RM” number 41/14, which indicate the time of their entry into force and application.

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**PROVISION from the Law on Changes to the Law on Production and Trade in Arms and Military Equipment**

**(“Official Gazette of RM” number 84/07)**

Article 6

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia”.

**PROVISION from the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment**

**(“Official Gazette of RM” number 161/09)**

Article 6

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia”.

**PROVISION from the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment**

**(“Official Gazette of RM” number 145/10)**

#### **Article 9**

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia”.

#### **PROVISIONS from the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment**

**(“Official Gazette of RM” number 119/13)**

#### **Article 23**

Any procedures for issuing licenses that have commenced before the entry into force of this law shall be completed according to the provisions of the Law on Production and Trade in Arms and Military Equipment (“Official Gazette of the Republic of Macedonia” number 54/2002, 84/2007, 161/2009 and 145/10).

#### **Article 24**

The Government of the Republic of Macedonia shall establish the Committee for reviewing license applications for export and import, transit, brokering and offset of AME, within 60 days of the entry into force of this Law.

#### **Article 25**

The Government of the Republic of Macedonia shall publish the “Common military list of the EU” within 90 days from the entry into force of this Law. Until the publication of the “Common military list of the EU” referred to in paragraph 1 of this Article, one shall continue to use the “Common military list of the EU”, which is an integral part of the Decision for Allocation of Goods to export and import companies.

#### **Article 26**

Any bylaws provided for in this Law shall be enacted within six months from the date of entry into force of this Law.

#### **Article 27**

The Legislative-legal Committee at the Parliament of the Republic of Macedonia is authorized to produce a consolidated text of the Law on Production and Trade in Arms and Military Equipment.

#### **Article 28**

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia”.

#### **PROVISIONS from the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment**

**(“Official Gazette of RM” number 164/13)**

**Article 2**

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia” and it shall be applicable as of 1 May 2014.

**PROVISIONS from the Law on Changes and Amendments to the Law on Production and Trade in Arms and Military Equipment  
 (“Official Gazette of RM” number 41/14)**

**Article 2**

The Director of the Directorate appointed before the commencement of the application of paragraph 1 of this Law shall continue to perform his or her duties until the expiry of his or her term of office that he or she has been appointed for.

**Article 3**

The provisions of Article 1 of this Law that refer to the foreign language knowledge requirement shall become applicable after two years from the day of entry into force of this Law.

**Article 4**

This Law shall enter into force on the eight day from its publication in the “Official Gazette of the Republic of Macedonia” and its application shall begin one year after it has entered into force.