



REPUBLIC OF MACEDONIA

Annual Arms Export Report

2005

June 2006

Section 1 - Introduction

This is the first-ever Arms Export Report produced by the Republic of Macedonia. Macedonia unilaterally accepted the European Code of Conduct on Arms Exports in November 2004. As such, it is obliged to explain the practical conduct of its arms export control policy to its partners and make sure that it is responsible and reliable, to share accurate information in a timely manner and cooperate on the matter in the spirit of transparency and good will. It is Macedonia's strong belief that the promotion of responsible export control and arms transfers strengthens global and especially regional security.

In June 2005 the national Working Group on CFSP, headed by the MFA, started its work. Its mandate is to contribute to the harmonisation of national practices with EU legislation concerning CFSP, including control of arms trade. This Group has so far been used as a vehicle for debate and reconciliation of views of different ministries concerning the Arms Export Report, EU Common Military List, Law on Restrictive Measures, etc.

This report is produced within and by the above WG, more precisely by representatives of the Ministries of Foreign Affairs, Defence, Interior and Economy. It covers the calendar year of 2005, although in certain cases, for reasons of common sense and continuity, events that happened in 2006 have also been included.

The report contains five sections and a set of annexes. The sections are as follows:

- Section 1 - Introduction
- Section 2 - National Law
- Section 3 - Involvement in international agreements
- Section 4 - Developments in previous year
- Section 5 - National control list

The Annexes refer to the 2005 SALW export licences, deliveries and transits as well as dual-use licences and exports.

Section 2 - National law

CONVENTIONAL WEAPONS

The Republic of Macedonia is neither a producer nor an exporter of conventional weapons.

Several laws regulate the trade in conventional weapons, ammunition and explosive materials:

Law on Production and Transfer of Weapons and Military Equipment (Official Gazette of the RM No. 54/02). According to this law, transfer of weapons and military equipment (import/export of weapons and military equipment, semi-final products, components, parts, reproduction materials, raw materials, and other technical means) can be carried out by producers of weapons and military equipment and other companies registered for that kind of trade, only on the basis of previously obtained consent by the Ministry of Economy, if the prescribed conditions are met. The Ministry of Economy keeps a Register of Companies that has been issued licenses to trade with weapons and equipment.

The **Law on Trade** (Official Gazette of the RM No. 16/04) in Article 34 stipulates that the Ministry of Defence or the Ministry of the Interior issues licences for import and export of weapons and military equipment. More precisely, the Government, on the basis of the aforementioned law, has adopted a Decision on the Distribution of Import/Export Goods (Official Gazette of the RM No. 113/05) according to which goods categorised into forms for export and import on the basis of a licence, under the responsibility of the Ministry of Defence (heavy and light weapons and military equipment for its own needs) and the Ministry of the Interior (weapons and explosive materials for commercial purposes) are marked by a mark D7.

In accordance with the **Law on Weapons** (Official Gazette of the RM No.7/05) and the **Law on Crossing the State Border and Movement in the Border Zone** (Official Gazette of the RM Nos. 36/92 and 12/93), the Ministry of the Interior, regulates the transfer, i.e. the import/export and transit of weapons, ammunition and explosive materials, across the state border of the Republic of Macedonia, in close cooperation and coordination with the MFA and MoD while fully respecting the provisions of the EU Code of Conduct. It makes decisions upon requests submitted by authorized legal persons through administrative procedure with regard to: trade of weapons and ammunition; trade of explosive materials; supply and transport of explosive materials; supply and transport of weapons and ammunition; matters connected with verification of new kinds of explosive materials, etc.

The Law on Protection from Explosive Materials, the Law on Carriage of Dangerous Goods, the Rulebook on the Type of Transport of Dangerous Goods in Land Traffic; the List of Explosive Materials to be Placed into Circulation also regulate certain aspects of the matter.

Pursuant to the Customs Administration Law (Official Gazette of the RM No. 46/04), the Customs Directorate of the Republic of Macedonia is responsible for control over the export, import and transit of goods with regard to prescribed security measures.

SALW

Please see the comprehensive national Report on implementation of the United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, which Macedonia submitted to the UN on 12 June 2006.

DUAL USE

As of February 2006 Macedonia started to implement the new Law on Export Control of Dual-Use Goods and Technology, passed by Parliament in September 2005. This Law is in accordance with the Community regime (Regulation of the European Council (EC) No. 1334/2000 and the subsequent Amendments to this Regulation 149/2003 and 885/2004 and 1504/2004) for Dual-use goods and Military Goods, which includes the international regimes for control of export of conventional and of weapons for mass destruction, as well as of goods and technologies for dual use (Wassenaar Arrangement), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG), the Australian Group and the Chemical Weapons Convention (CWC).

The Law is Macedonia's contribution to the non-proliferation of WMD and fight against terrorism. Dual-use items and technologies are subject to control in order to protect the security, economic and foreign political interests of Macedonia while strengthening international peace and fulfilling the country's obligations stemming from international treaties.

The Law envisaged the passing of two lists: the List of dual-use goods and technologies and the List of states, organisations, entities or individuals in relations to which there are limitations - passed by the Government in December 2005.

The Ministry of Economy is in charge of issuing dual-use export licences. It coordinates the whole process with the MFA, MoD and MoI. So far interested companies have lodged no dual-use export licence applications.

The Law contains the catch-all provision and envisages end-user control.

The Law established a Commission for Export of Dual-Use Goods and Technologies, headed by the MoD and consisting of representatives of the Ministries of Economy, Interior, Foreign Affairs as well as the Legislative Secretariat, General Secretariat under the GVT and Customs Administration.

ARMS EMBARGOS

As a Member State of the United Nations, the Republic of Macedonia adheres to the Charter of the United Nations, which according to the Constitution of the Republic of Macedonia, is a constitutive part of its internal legal order. Consequently, Article 41 of Chapter VII of the Charter of the United Nations, according to which the Member States are obliged to apply the restrictive measures decided upon by the UN Security Council, presents the basic legal framework for application of UN sanctions and restrictive measures by the Republic of Macedonia.

As of December 2003, the Republic of Macedonia regularly aligns, upon EU invitation, to the Common Positions of the European Union imposing sanctions and restrictive measures, including arms embargoes. As such, Macedonia has to ensure that its national policy is in conformity to these Common Positions.

The competent Ministries and institutions, upon a Decision of the Government of the Republic of Macedonia, apply restrictive measures and economic sanctions on the basis of UN Resolutions and accepted EU Common Positions. The Government of the Republic of Macedonia, in August 2004 took a Decision that in cases where the restrictive measures are of material effect, i.e. affect the regime of movement of people, goods, services and capital, the Ministry of Foreign Affairs is to timely inform the Government in order to adopt necessary measures for their application by the responsible bodies. The Government also decided that these measures are to be published in the *Official Gazette of the Republic of Macedonia*.

In such cases, the Ministry of Foreign Affairs, following consultation with other competent bodies, submits a Report to the Government of the Republic of Macedonia with a Draft Decision, imposing obligations on the responsible bodies to undertake appropriate measures in order to implement the Decision. These decisions are published in the *Official Gazette of the Republic of Macedonia*. Until the moment of adoption of the Decision by the Government, internationally accepted obligations for implementation of sanctions are applied based on Operative Information of the Ministry of Foreign Affairs to the competent Ministries.

The Ministry of Foreign Affairs, the Ministry of the Interior, the Ministry of Defence, the Ministry of Finance (the Customs Administration and the Directorate for Prevention of Money Laundering), and the Ministry of Economy and other Ministries, depending on the character of the sanctions, are responsible for application of restrictive measures and economic sanctions.

The responsible Ministries act within their authorities defined by the systemic Law on the Organisation of the Operation of State Administration Bodies and the material laws pertinent to the specific fields.

In order to further improve the legal basis and enhance legal mechanisms for implementation of internationally accepted obligations of sanctions, including arms embargoes, in 2005 the MFA initiated a procedure for drafting a Law on International Restrictive Measures. The first draft was produced and received the TAIEX and European Commission expertise in the first half of 2006. The Draft defines the international restrictive measures, procedures for their implementation, competencies and manner of cooperation and coordination of state bodies designated to implement them, regulates the monitoring mechanism, data collection and exchange, etc. It is expected to be passed by the end of 2006.

Section 3 - Involvement in international agreements

Macedonia is a state-party to all relevant international legal documents regulating WMD and non-proliferation, such as CTBT, CWC, BTWC, NPT, SALW-related, to mention but a few. Macedonia concluded with the IAEA a Safeguards Agreement (2000), AP (2005) and SQP (2000). In 2003 the MFA expressed political support to the PSI and its Interdiction Principles.

On the occasion of the Second Stabilization and Association Council Brussels, 18 July 2005, Macedonia and EU adopted a Joint Statement on Non-Proliferation of Weapons of Mass Destruction and Terrorism.

As part of the process of gradual adoption and introduction of the CFSP *acquis* into the national legislation, the Government of the Republic of Macedonia at its session of 1 November 2004 adopted the Decision on Unilateral Acceptance of the European Code of Conduct on Arms Exports of 8 June 1998. Although the Code is a politically-binding instrument and Macedonia is not a member of the EU, the Government has ever since evaluated all requests for authorization of exports of weapons and military equipment in line with the criteria established by the Code. Macedonia has also unilaterally adhered to the EU Common Position 2003/468/CFSP on the Control of Arms Brokering, the EU Programme for Preventing and Combating Illicit Trafficking on Conventional Arms and the Joint Action 2002/589/CFSP on the EU's Contribution to Combating the Destabilising Accumulation and Spread of Small Arms and Light Weapons.

In 2003 the Government made a Declaration to unilaterally adhere to the Guidelines for sensitive missile-relevant transfers of MTCR and its Annex. The Government decided to place equipment and technology subject to MTCR under a special licence system.

As of 2002 Macedonia has been a state-signatory to the Hague Code of Conduct on Ballistic Missile Proliferation.

The Republic of Macedonia submits regularly to the UN reports on the Register of Conventional Weapons and on military expenditures, as well as to the OSCE on CATs, landmines, annual/global exchange of military information, etc.

The Republic of Macedonia is not a contracting party to the Wassenaar Arrangement, NSG and Australia Group, but there is interest in establishing closer cooperation with these regimes, including fulfilment of membership criteria.

Macedonia has so far submitted 2 comprehensive and detailed reports to the UNSC R.1540 Committee, the latest in January 2006.

Section 4 – Developments in previous year

With regard to industry outreach in January 2006 the Ministry of Economy and Customs Administration organized a meeting for companies through the Chamber of Commerce in order to present the Law on Dual Use and accompanying lists, and establish closer cooperation.

In May 2006 in Skopje we had a seminar on dual use in which representatives of several major Macedonian companies and experts from Universities were present and actively contributed to the debate.

Section 5 - Control list

As for the EU Common Military List, a governmental process has been put in motion to integrate it into national legislation.

As for transparency, the Ministry of Economy put the Dual-use Law and the accompanying Lists of controlled goods on its web (www.economy.gov.mk).

Annex 1 – SALW export licence and exports

i) Export licences approved for SALW

Option A

| Destination | small arms | | | | | light weapons | | other |
|-------------|------------------------------------|---------------------|------------------|----------------|--------------------|--------------------|--|-------|
| | revolvers and self loading pistols | rifles and carbines | sub-machine guns | assault rifles | light machine guns | heavy machine guns | | |
| USA | | 2000 | | | | | | |
| SMN | | 1 | | | | | | |

Option B

| Destination | No. of licences | OSCE or EU ML categories | Value € | Description | No. of units | Consignee / initial recipient | End-user | Type of end-user |
|-------------|-----------------|--------------------------|---------|---------------------|--------------|-------------------------------|--------------------------------------|--|
| USA | 1 | | | Rifles M48 and M48A | 2000 | HANCOCK GROUP USA | Import cert.: 04-06663 of 16.08.2004 | Cert. issued by US Comm. Dept., Treasury Dept. & State Dept. |
| SMN | 1 | | 550 | Carabin | 1 | | Zastava Impex Beograd | |

ii) Deliveries of SALW

See Tables above.

iii) SALW TRANSITS

| Destination | OSCE or EU ML categories | Value € | Description | No. of units | Consignee / initial recipient | End-user | Type of end-user |
|-------------------|--|-------------|---|-------------------|---------------------------------------|---|--|
| Austria Greece | | | Ammunition parts cal.155 mm | | HELLENIC DEFENCE SYSTEMS S.A | End user.certif. No 375 17.09.2004 | Sert. Issued by HELLENIC MINISTRY of DEFENCE |
| Greece Germany | UN No 0242 | | Granade charge DM 72 | | RHEINMETAL WAFFE MUNITION GmbH | RHEINMETAL WAFFE MUNITION GmbH | Packing list No 2005041201 13.04.2005 HELLENIC MIN. of DEFENCE |
| Norway Greece | UN No 0081 UN No 0072 UN No 0483 UN No 0484 | | Octogen Hexogen | 1450 kg 882 kg | HELLENIC DEFENCE SYSTEMS S.A | | The transit did not happen |
| England Greece | UN No 0197 UN No 0454 UN No 0027 | | Signalling devices, Black powder Fuses | | HELLENIC DEFENCE SYSTEMS S.A | Export licence NoUK05/0056-41 04.02.2005 | Department of trade and industry The transit did not happen |
| USA Greece | UN No 0107 | 47.017 US\$ | Fuses | 1364 | HELLENIC DEFENCE SYSTEMS S.A | | Licence for permanent export of defense articles |
| Germany Greece | UN No 0327 | | Ammunition cal. 30 mm | | HELLENIC DEFENCE SYSTEMS S.A | | Wafa Licence |
| England Greece | UN No 0197 UN No 0454 | | Signalling devices Fuses | | HELLENIC DEFENCE SYSTEMS S.A | | Export licence PW DEFENCE LTD |

Annex 2 - Dual-use goods licences and exports

i) Export licences for dual-use goods.

Option C

| Destination | EU dual-use categories | Value € | Description | No. of units | Consignee/ initial recipient | End-user | Type of end-user |
|-------------|------------------------|---------|--|--------------|--|---|--|
| Lithuania | 1B001a | 150.000 | CNC filament winding machine Type MAW20MS3 D=350/650mm L=2500/3000mm | 1 | MIKROSAM AD PRILEP/Seb VB Lizingas UAB Vilnius | Jurby Water tech UAB Kaunas | Production of water purification and filtering systems |