

Bosnia and Herzegovina  
MINISTRY OF FOREIGN TRADE AND  
ECONOMIC RELATIONS  
SARAJEVO  
Foreign Trade and Investment Division

## **PART I**

### **Legislative and regulatory framework of arms and ammunition export and import**

Bosnia and Herzegovina, being a part of UN and subject to international law, has accepted to implement the UN Security Council decisions, international conventions and other international commitments related to import, export and transit of arms and military equipment.

The passage of "Arms and ammunition Export and Import" ("Off. Gazette of BiH 5/03 and 33/03) and its application ensures uniformity of state principles in issuing arms import, export, trade and transit licenses, as well as continuous reporting of the relevant civil and state authorities of Bosnia and Herzegovina (First Information regarding the issued licenses for arms import/export for 2003 was submitted and considered by the Parliament of Bosnia and Herzegovina in May 2004). After the passage of the law, a number of legal acts was enforced, regulating and elaborating the application of the law, or specific legal provisions (Decision on Terms and Licensing Procedure for Trade of Arms and Military Equipment by Legal Entities and Individuals; Guidelines on Regulation of Export, Import, Transit and Trade of Arms and Military Equipment, and Guidelines on Responsibilities of Customs' Authorities in the Enforcement of Arms Export and Import Law). Likewise, with the view to cooperation and legislation harmonization in this field with EU, the Council of BiH Ministers, following the recommendation of Ministry of Foreign Trade and Economic Relations, decided to accept the EU Code of Conduct for Arms Export, adopted by the European Union on 8<sup>th</sup> June 1998 ("Off. Gazette of BiH" no. 9/03). Thus transparency in these matters was ensured, which has helped towards building the reputation of Bosnia and Herzegovina in the world and ensured strengthening of international cooperation in this field.

With the view to harmonizing the legislation of Bosnia and Herzegovina with that of EU in the field of dual-list items control, which is one of preconditions for Bosnia and Herzegovina's accession both to EU and NATO – Peace Partnership Program, the Ministry of Foreign Trade and Economic Relations has initiated the procedure of modifying and amending the present law, whereby the dual-list items control is being established and their abuse for illicit military and terrorist purposes is being prevented.

After modification of the Law it is necessary to also publish a list of dual-purpose items and related technology, in accordance with EU regulation 1334/2000 and

149/2003, which would provide complete harmonization of our import/export control with international standards, and especially EU, and thereby considerable progress with regard to state export control would be made.

The essence of the above-mentioned regulations is to license for import, export and transit of trade only those legal entities and individuals registered with the Ministry of Foreign Trade and Economic Relations, whereby each license needs prior consent from the Ministry of Foreign Affairs of BiH, Ministry of BiH Safety and Ministry of BiH Defense. For more effective control, the Ministry of Foreign Trade and Economic Relations consults with EUFOR (EUFOR Form 5) before issuing a license, as its consent is necessary for the very circulation of these goods through Bosnia and Herzegovina.

In the context of security sector reforms in Bosnia and Herzegovina related to political control of arms production and export in the territory of Bosnia and Herzegovina, a Law on Arms and Ammunition Production was passed ("Off. Gazette of BiH", no. 9/04), prescribing a procedure for licensing of arms and equipment production and servicing, as well as areas of responsibility of the state and entity authorities related to the enforcement of this Law. Based on the Law, the following legal acts have been produced:

- Manual on Monitoring and Reporting Methods of Production and Servicing of Arms and Military Equipment ("Off. Gazette of BiH", no. 28/04)
- Manual on Inspection Control in Production and Servicing of Arms and Military Equipment ("Off. Gazette of BiH", no. 28/04);
- Manual on Licensing Procedure for Production and Servicing of Arms and Military Equipment by Legal Entities and on Central Register Accounting Methods ("Off. Gazette of BiH", no. 36/04).

## **PART II**

### **Arms and Ammunition Export, Import and Transit Licenses**

In accordance with the duties prescribed by the Arms and Ammunition Import and Export Law ("Off. Gazette of BiH", no. 05/03 and 33/03), "Common List of Munitions included in the EU Arms Export Code of Conduct" (Off. Gazette of BiH, no. 14/03), it is the duty of all stakeholders in the arms and ammunition trade to inscribe in the special Register with the Ministry of Foreign Trade and Economic Relations of BiH. As of today, 94 legal entities and individuals have been registered for foreign trade of arms and ammunition, 74 being permanently and 21 temporarily licensed.

In 2004 a total of 356 licenses were issued, 191 being arms and ammunition export licenses, 128 arms and ammunition import licenses and 37 BiH transit licenses for import in third countries.

Arms and ammunition export in 2004 was influenced by certain positions expressed by the Peace Implementation Administration Board on 25.06.2004, when an emphasis was put on the need to continue destroying a surplus of arms and ammunition held by the Armed Forces of BiH. To this end, a Guideline on Determination and Compliance with the Terms related to Small Arms and Light Weapons Trade Ban by the Armed Forces of BiH was issued ("Off. Gazette of BiH", no. 5/03), prescribing that as of 01.01.2005 small arms and light weapons surplus, found to be held by the Armed Forces of BiH, should be declared as weapons for destruction. In view of the fact that a considerable number of SALW had not been exported by 31.12.2004, and with the view to respecting the contractual commitments towards the customers, the Ministry of Defense emanated a Decree no. 11-03-3082/04 on 15.12.2004, prescribing that the goods with an export license issued by the Ministry of Foreign Affairs and Economic Relations should be collected at the decreed locations and blocked (secured). This operation will be performed by EUFOR, which will also approve the prolonged application of the Form 5 for 6 months.

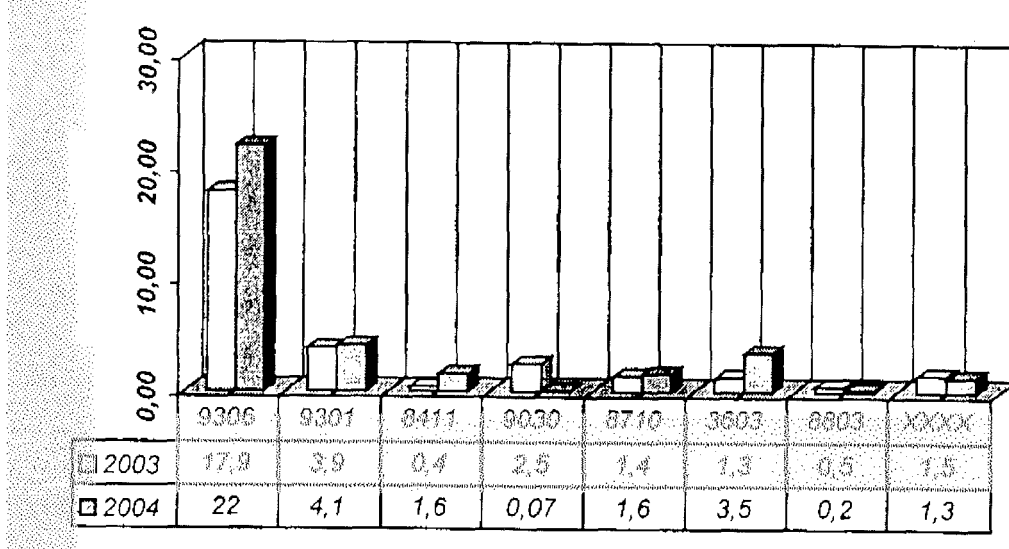
According to the issued export licenses, and on the basis of proforma invoices submitted against the requests for issuing licenses for the exporters (companies), the total value amounted to 35.000.000 EUR. The export was done in 39 countries of the world, as follows:

Austria	Belgium	Brazil
Czech Republic	England	Philippines
France	Greece	Croatia
India	Iraq	Iceland
Italy	Israel	Japan
South Africa	Jordan	Canada
Cyprus	Columbia	Kuwait
Latvia	Lithuania	Hungary
Macedonia	Malasia	Norway
New Zealand	USA	Germany
Romania	Russia	Saudi Arabia
SCG	Slovakia	Slovenia
Switzerland	Turkey	Ukraine

In the previous year, the Ministry of Foreign Trade and Economic Relations, in accordance with the legal authorizations, refused three issued export licenses, because the Ministry of Foreign Affairs of BiH withdrew its previously given authorization (Venezuela, Chad and Rwanda).

The structure of the exported goods included also the products of 24 tariff numbers:

Graph: Structure of export from BiH, as per tariff numbers in 2003 and 2004 –



9306 Hand grenades, shells, torpedoes, mines, rockets and related ammunition and spare parts, cartridge and other charges and missiles and its parts, including buckshots and cartridge caps.

9301 Military weapons, except revolvers, pistols and weapons under T.B. 9307

8411 Turbojet-engines, turbo-propelled engines and other gas turbines

9030 Oscilloscopes, spectral analyzers and other instruments for measurement and detection of electric parameters, instruments and measurement or detection devices for alpha-, beta-, gamma-, X-ray, space and other ionizing radiation.

8710 Tanks, and other armoured vehicles, including the related armament and parts.

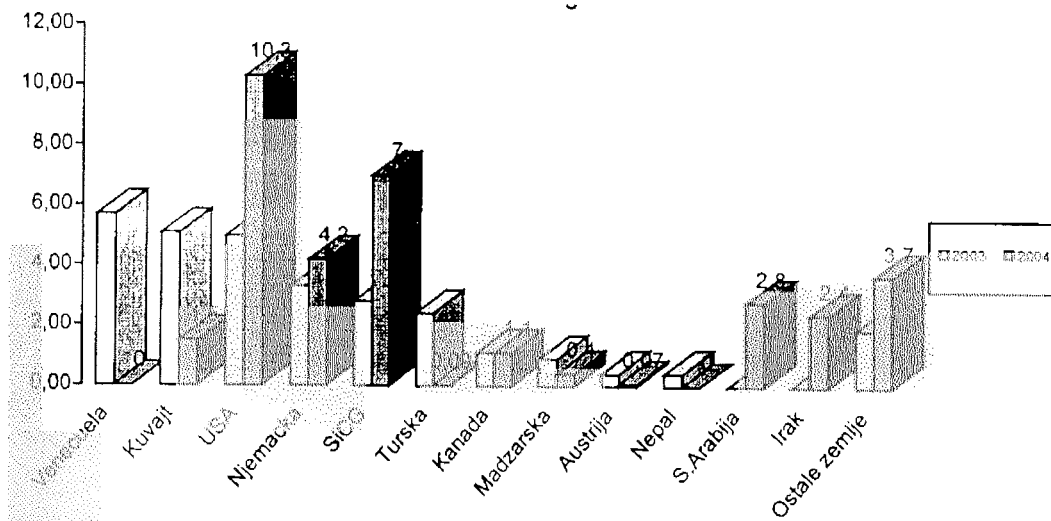
3603 Safety fuses, detonating cords, primers and electrical primers, fuses and electrical detonators.

8803 Article parts under tar. no. 8801 (balloons and zeppelins, gliders, piloted kites and other aircrafts without drive) and 8802 (other aircrafts, helicopters, airplanes, spaceships).

XXXX Other articles

As per the total number of issued export licenses, around 95% of the value has been exported in the following countries:

The graph: Export from BiH in 2003 and 2004 –

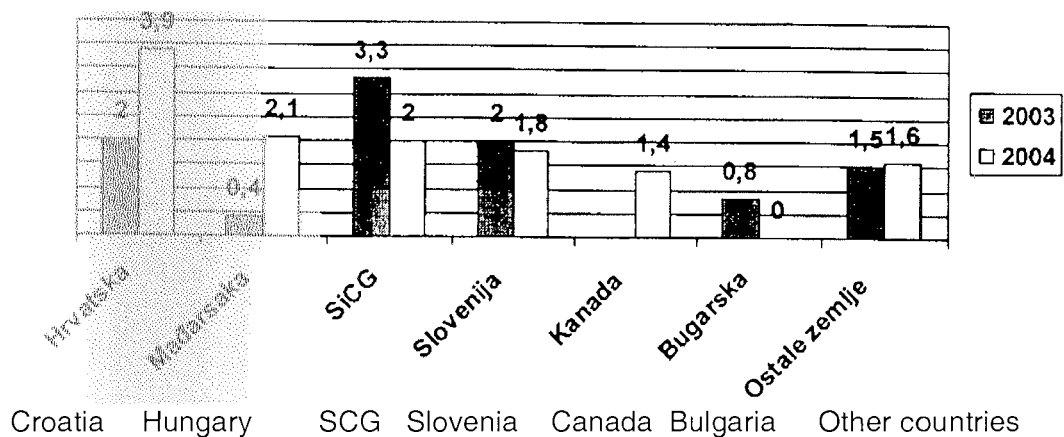


(From Left to Right: Venezuela Kuwait USA Germany SCG Turkey Canada, Hungary, Austria, Nepal, Saudi Arabia, Iraq, Other countries.)

In the course of 2004, the value of arms and ammunition import in BiH was over 2.000.000 Euro, from 17 world countries, as follows:

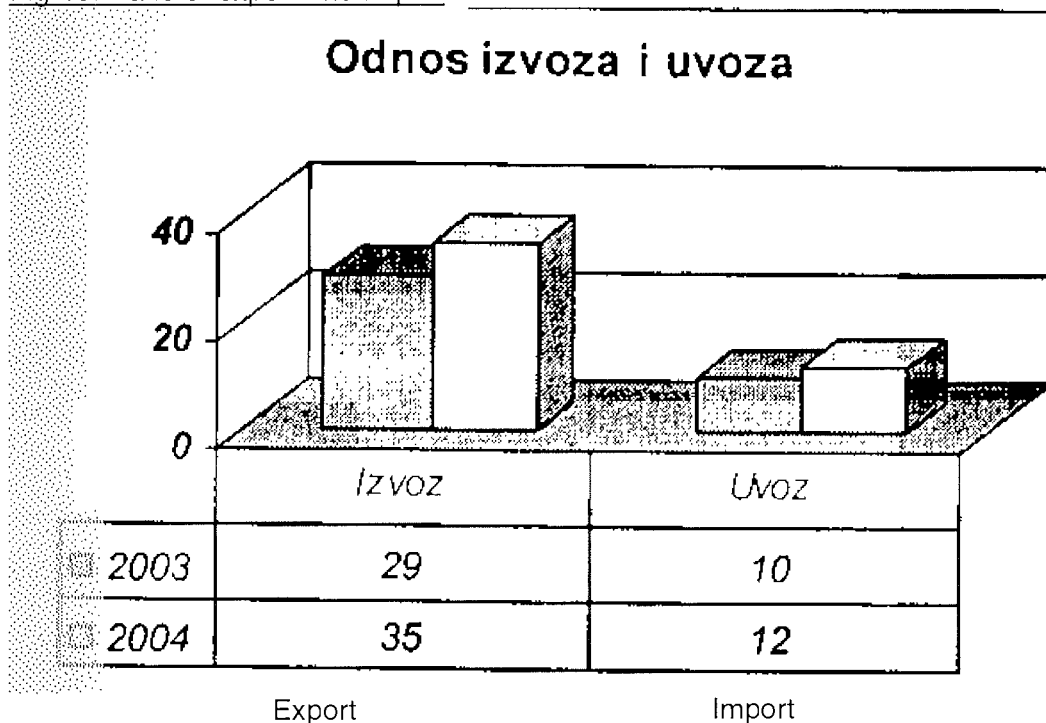
- |                |              |         |
|----------------|--------------|---------|
| Croatia        | Hungary      | SCG     |
| Slovenia       | Canada       | .USA    |
| Czech Republic | Russia       | .Spain  |
| Austria        | Turkey       | .China  |
| Switzerland    | Island       | Germany |
| Italy          | South Africa |         |

As per the total value of goods import licenses issued, above 85% was imported from the following 6 countries:



In view of commercial conditions in the country and the terms at the world market, the import of the mentioned goods has risen by about 10%. When analyzing the total ratio of import and export it can be concluded that considerable results have been achieved, i.e. that the export is three times higher than import.

Figure: Ratio of export and import



With the view to better training of personnel working in the process of issuing arms import/export licenses at the state and entity level, in cooperation with the USA Embassy in Sarajevo, four training courses were organized, with 80 state officials participating (Ministry of Foreign Trade and Economic Relations, Ministry

of Foreign Affairs, Ministry of Safety, Ministry of Defense, State Border Authorities, Indirect Taxing Authority, Entity Ministries of Defense and Customs Authorities). The topics of the training courses referred to: models of laws and legal regulations in the field of arms export/import control; classification of goods for military and dual-purposes, as well as issue of export licenses.

The Ministry of Foreign Trade and Economic Relations, in cooperation with other state ministries included in the process of issuing licenses, made technical preparations for acceptance and introduction of an automated system of issuing licenses "Tracker" and to this end a local network (LAN) was introduced at the Ministry of Foreign Trade and Economic Relations, where the Frame Relay system was secured.

Sarajevo, February 2005.