



The Republic of Montenegro
Ministry for Economic Development

Annual Report on Import and Export of Controlled Goods in 2006



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Section 1 - Introduction

Based on the results of a democratic referendum held on 21 May 2006, the Republic of Montenegro restored its statehood on 03 June 2006. Shortly after that, Montenegro was recognised as an independent state within the international community and became a member of the UN, thus assuming the obligation to implement the decisions of the UN Security Council, as well as other commitments related to export, import and transit of controlled goods.

The Government of Montenegro inherited the legislation that had been previously implemented by the former State Union, including the licensing of foreign trade in weapons and military equipment. To fulfil this new task a government decree established the necessary licensing regime, which is under the competence of the Ministry for Economic Development. This decree provides the legislative framework for foreign trade in controlled goods, until the government can enact new legislation.

In accordance with best practice in the European Union and the EU Code of Conduct on Arms Exports, the Republic of Montenegro has prepared its first annual report on the foreign trade in Arms and Military Equipment in Montenegro. The Ministry for Economic Development, as the body responsible for the implementation of the Law on Foreign Trade in Arms and Dual-Use Goods, produced a report on export and import of arms and military equipment that covers the period from June 2006 (since assuming responsibility) until 31 December 2006. There were no requests for import or export of dual-use goods in that time period.

It is Montenegro's strong belief that the promotion of responsible export control and arms transfers strengthens global and especially regional security. Therefore, in the spirit of transparency and good will, the Republic of Montenegro will provide information on its controlled goods import and export control policy on an annual basis. This report contains six sections as follows:

Section 1 – Introduction;

Section 2 - National Law;

Section 3 - International Agreements;

Section 4 – National Control Lists;

Section 5 – Donor Support;

Section 6 – Data on import and export of arms and military equipment in 2006.

SECTION 2 - National Law

On 03 June 2006, the Parliament of Montenegro adopted 'The Decision on the proclamation of independence of the Republic of Montenegro', which binds the Republic of Montenegro to apply and adhere to International Treaties and Agreements that the State Union of Serbia and Montenegro was party to, as well as to apply respective State Union regulations as regulations of the Republic of Montenegro. This includes the 2005 State Union Law on the Foreign Trade in Weapons, Military Equipment and Dual-Use Goods (Official Gazette of the State Union of Serbia and Montenegro, No.7, February, 2005).

The transfer of competencies for licensing the import and exports of arms, military equipment and dual-use goods and related technologies from the former State Union institutions to Montenegrin institutions was further detailed through the decree on taking over responsibilities of state authorities determined in the Law on Foreign Trade in Weapons, Military Equipment and Dual-use Goods (Official Gazette of the Republic of Montenegro 40/06 22 June, 2006).

This decree provides for the following sub-legal acts to be applied in Montenegro:

- Decision on Defining the National Control List for Dual-Use Goods;
- Decision on Defining the National Control List for Weapons and Military Equipment;
- Decision on Criteria for Issuing Export Licences for Weapons and Military Equipment and Dual-Use Goods;
- Rulebook on the manner of keeping the register of persons authorised for foreign trading in controlled goods;
- Rulebook on the application form for issuing a licence, form of the licence and other documents accompanying foreign trade in controlled goods.

Article 2 of the decree sets out the licensing mechanism as follows: licenses for foreign trade in weapons, military equipment and dual use goods (hereinafter referred to as controlled goods) shall be issued by the Ministry of International Economic Relations and European Integration, with prior consent of the Ministry for Foreign Affairs and Ministry of Defence, as well as an opinion issued by the Ministry for Internal Affairs.

Following the new organization of the Government of the Republic of Montenegro in November 2006, the Ministry of International Economic Relations was merged into the Ministry for Economic Development, which assumed responsibility for issuing licenses for the foreign trade in weapons, military equipment and dual-use goods.

The Law on Foreign Trade in Arms, Military Equipment and Dual-Use Goods (Official Gazette of Union of Serbia and Montenegro, No.'s 7/2005, 8/2005) outlines the terms and conditions for foreign trade, transport and transit of arms, military equipment and dual-use goods.

Foreign trade in controlled goods includes: a) export and import; b) scientific and technical co-operation, production co-operation, acquisition and transfer of property rights for technologies in the area of manufacturing controlled goods; c) provision of intellectual and material services that might be used for designing, developing, production, using and maintaining of controlled goods; d) representing foreign companies, brokering, re-export, maintenance and other services in foreign trade in controlled goods; e) non-commercial export and import.

Prior to deciding on an application for issuing a license for foreign trade in controlled goods, the Ministry for Economic Development must obtain consent from the Ministries for Foreign Affairs and Defence, as well as an opinion issued by the Ministry for Internal Affairs.

The Ministry for Economic Development is drafting a new Law on Arms, which will take into consideration the new administrative framework in Montenegro and that will be harmonized with European standards and the best practice of EU member countries.

SECTION 3 - International Agreements

The Republic of Montenegro is a state-party to the following international legal documents related to the non-proliferation of weapons of mass destruction and certain conventional weapons:

- Convention on Certain Conventional Weapons;
- Biological and Toxin Weapons Convention;
- Chemical Weapons Convention;
- International Code of Conduct on Ballistic Missile Proliferation (ICOC);
- Ottawa Convention on Anti-Personnel Mines;
- Nuclear Non-Proliferation Treaty;
- UN Convention against Transnational Organized Crime including the UN Firearms Protocol;
- OSCE Document on Small Arms;
- OSCE Decision on MANPADs;
- OSCE Decision on End User Certificates;
- OSCE Decision on Arms Brokers.

Under the Law on Foreign Trade in Arms, Military Equipment and Dual-use Goods, the eight criteria established in the EU Code of Conduct on Arms Export will be considered by the respective authorities when issuing licenses for the export of arms and military equipment.

SECTION 4 - Control Lists

The National Control Lists of controlled arms, military equipment and dual-purpose goods are defined in accordance with the EU Code of Conduct on Arms Export and the EU Council Regulation of the regime for the control of exports of dual-use items and technology and in agreement with the Wassenaar Arrangement, Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), Australia Group and the Chemical Weapons Convention (CWC).

The National Control List of Weapons and Military Equipment is harmonized with the Common List of Military Equipment within the European Union Code of Conduct on Arms Exports, and National Control List for Dual-Use Goods is harmonized with the EU List for Dual-Use Goods.

SECTION 5 - Donor Support

The government authorities of Montenegro responsible for controlling the foreign trade in arms, military equipment and dual-use goods have intensive and high-quality international cooperation. Donor support (equipment, seminars, study visits, technical advice and exchange of information) is provided through the United States Export Control and Border Security Programme, the UNDP and bilaterally from the EU countries.

During 2006, representatives of public authorities in Montenegro that are responsible for the control of export and import of controlled goods participated in several seminars and study visits:

- UNDP sponsored a seminar in Podgorica on controlling the foreign trade in arms and military equipment.

The seminar was organized within the framework of the Project for Strengthening of Capacities of the MIER in the control of foreign trade in arms and dual-use goods through the process of licensing;

- The Seminar on *Issuance of Licences for Foreign Trade in Controlled Goods*, held in Podgorica, was organized by the USA Department of Defense (DTRA) within the EXBS program of the American Embassy in Belgrade.

Representatives of public authorities who participated at this seminar were introduced to the American Law on Control of Arms Export, as well as to comparative practice of the neighboring countries and perspectives for further development in this field

- UNDP and the EU sponsored a study visit to the Federal Office of Economics and Export Control (BAFA) in Frankfurt, Germany.

Topic: *Export Controls of Conventional Arms* practice of Germany in this field and efficient implementation of legal regulations;

- The EU financed conference organized by SIPRI in Sarajevo on *Cooperation towards General Standard Control of Arms Export*. The aim was to introduce participants to the need to explicitly apply legal regulations in this field and implement the eight criteria of the EU Code of Conduct on Arms Export;

- US EXBS training seminar on introduction to licensing of dual-use goods held in Podgorica;

- US EXBS training on introduction to the 'Risk Report' held in Podgorica; and

- US EXBS training on combating WMD proliferation at maritime ports held in Podgorica.

Emphasis was placed on significance of cooperation between Montenegro and the United States of America and cooperation with the countries in the region in joint, global action against proliferation of the weapons of mass destruction in coastal regions.-

The USA Government donated the Risk Report programme to the Government of the Republic of Montenegro, which is actually a database from open sources with information on all the companies and persons involved in smuggling and illicit trade in weapons of mass destruction (chemical, biological and nuclear) and dual-use products.

Experts engaged within the UNDP programme analyzed the existing legal regulations and wrote recommendations for a new law that is being drafted. Publication of this report was also supported by the UNDP.



SECTION 6 - Import and Export of Arms and Military Equipment

In compliance with the decree on taking over responsibility of authorities as defined by the Law on Foreign Trade in Arms, Military Equipment and Dual-Use Goods (Official Gazette of State Union of Serbia and Montenegro, number 40/06) the Ministry for International Economic Relations and European Integration had been issuing licenses for export and import of controlled goods from 20 June 2006. This competence was transferred to the Ministry for Economic Development on 28 November 2006.

The percentage of issued licenses in respect to the value of the goods is 100%. The percentage of issued licenses compared to the number of the submitted applications is 100%. On occasion companies fail to submit all the necessary documents, which is why the process of license issuance itself is extended. To date no elements have emerged that would form the grounds for the Ministry to reject an application for a license. The number of licenses issued for export and import, quantity as well as the value and final destination, are specified in Tables 1 and 2.

Table 1. LICENSES FOR EXPORT OF CONTROLLED GOODS

NUMBER	ITEM	END USER/ END USER CERTIFICATE	COUNTRY OF DELIVERY	QUANTITY	VALUE
1.	Heavy machine gun (7.62 mm – M84) with three-legged stand and accompanying equipment	Interim Government in Iraq	Israel	175 pieces	157.500.00 \$
2.	Light machine gun 7.62 mm x 39 mm	Afghanistan	Israel	600 pieces	84.000.00 \$
3.	Parts for light machine gun 7.62 mm x 39 mm	USA	Israel	1 se (GN)	140.000.00 \$
4.	Automatic firearms 7.62 mm with accompanying equipment	Iraq	Israel	17.650 pieces	970.750.00 \$
5.	Magazines for ammunition for automatic firearms 7.62 mm	Afghanistan	Israel	40.000 pieces	600.00 \$
6.	Ammunition	Serbia	Serbia	350 pieces	22.000.00 \$
7.	Parts for automatic firearms	USA	Israel	10.000 sets	550.000.00 \$
8.	Components for torpedoes 53-65 KE; overhaul equipment for maintenance of torpedoes	Afghanistan	Macedonia	54 sets 1 set	460.000.00 \$
9.	Driving fuel for jet aircrafts PZ-M	Egypt	Slovakia	65 pieces	71.500.00 €
10.	- Driving fuel for ejection of pilot seat - Pirotechnical cartridges	Ukraine	Switzerland	- 45 sets - 822 pieces	157.139.00 €
11.	- Pirotechnical cartridges	Libya	Serbia	71 sets	134.190.00 \$

Table 2. LICENCES FOR IMPORT OF CONTROLLED GOODS

NUMBER	ITEM	END USER	COUNTRY OF ORIGIN	QUANTITY	VALUE
1.	Automatic firearms 7.62 mm with accompanying equipment	Montenegro	Israel	10.000 pieces	650.000.00 \$
2.	Two-based missile fuel 0.33 i 0.16	Montenegro (4 Novembar Mojkovac)	Serbia	750 kg.	16.000.00 €
3.	Powder charge Pirotechnical cartridges	Montenegro (4 novembar Mojkovac)	Serbia	588 sets	2.599.00 €
4.	Ammunition for rifles	Montenegro	Italy	100.150 pieces	16.443.87 €
5.	- Small caliber arms - Ammunition	Montenegro	EU, Switzerland, USA, China	1.320 pieces 4.872.000 pieces	1.135.000.00 €
6.	Services of preventive endoscopic examination of helicopters	Montenegro	Serbia	1 set	8.217.00 €