

What the Draft Law on Arms Industry and Trade Brings?



Public debate about the Draft Law on the arms industry and trade went almost unnoticed. According to The Ministry of Defense, which led the preparation of the Draft, the discussion about the proposed text [in the Serbian Chamber of Commerce](#) was “marked by a constructive dialogue which will lead to further improvements of the legislature in the arms industry, and will be helpful in overcoming the current obstacles the producers of arms and weapons are facing.”

Among the key novelties in the draft law, the Ministry underlines the possibility for foreign investors to become majority shareholders in companies registered for arms production. However, in case of privatization of the companies of strategic interest, the Republic of Serbia has the option to keep the controlling interest. The Ministry also underlines that the Draft defines the legislative framework necessary for maintaining capacities with regard to technology, special equipment and tools for production of armament and weapons; that licenses for production can be renewed every five years; that the use of intellectual property and royalties connected to the property are put in place; and that the level of military quality control is to be improved.

The aim of the legislator is to support and to strengthen the technological and industrial base in the field of the defense technology and to initiate the innovation and introduction of the more sophisticated technologies.

However, union leaders of the six Serbian arms producers said that they are against the privatization of the state capital. "Companies in the armament sector are getting more and more jobs and represent an important factor in the structure of the overall Serbian export which is currently lagging", stated the unions of "Prva iskra", "Milan Blagojević", "Sloboda", "Prvi partizan", "Krušik" and "Zastava oružje" factories. The unions asked the Ministry to offer them an active role in the process of drafting the Law on arms industry and trade because this law is addressing important questions regarding their factories and their 7000 employees, and stated that they have substantial reservations with regard to the draft law.

"Union remarks are connected to the question of the socially owned capital in these factories which is worth above seven billion dinars in total", reads the unions' press release published by Beta agency.

However, the issue of the arms industry goes beyond the question of the defense industry transformation, but it tackles the question of the democratic control of the security sector and is related to the international standards in the field of the arms trade. These areas are not addressed in the draft Law in a way which could be considered as appropriate.

Specifically, although the Draft Law stipulates that one of its major goals is to allow better control and codification in order "to introduce stable controlling mechanisms in the arms industry and trade" the Draft Law in fact doesn't offer clear controlling mechanisms. The Draft doesn't envisage the submission of periodical reports (about issued, withdrawn and denied licenses) to any other body except the Defense ministry, not even to the Serbian Parliament Committee for defense and interior affairs. Furthermore, the key aspects of the procedure that has to secure the well rounded legislative framework - including the procedure for establishing the Registry of producers, key elements for getting the license for armament production, and the method of supervision - are missing and are left to be addressed in the bylaws to be issued by the defense minister. Such solutions are putting into question the possibility of acquiring the stable and transparent legislative framework, especially having in mind that the Ministry is at once an owner (manager of the state property), a body that issues licenses, and the supervisor the implementation of the law.

In addition, the Draft Law mentions the arms trade for which there is no obligation to be reported, while there is not such an option according to the Arms Trade Treaty adopted by the UN, and accepted and ratified by Serbia.

Public Policy Research Centre submitted its comments on the Draft Law to the Defense Ministry. Furthermore, having in mind that there is a need for draft laws to be discussed in a democratic manner in the wider circles of interested citizenry, the Centre urged the Defense Ministry to recognize the need to cooperate with the civil society and proposed to the Ministry to allow the discussion with the authors of the draft law at the meeting of

the experts members of the [Working group for Chapters 30 and 31](#)- External relations, foreign, security and defense policy of the National Convention on the EU.

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