



Republika e Kosovës

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Qeveria - Vlada - Government

Ministria e Tregtisë dhe Industrisë - Ministarstvo Trgovine i Industrije - Ministry of Trade and Industry

ANNUAL REPORT ON TRADE CONTROL OF STRATEGIC GOODS

April 2018 – April 2019

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I – PART ONE

INTRODUCTION

The trade control with strategic goods, related services supports the aims of the Republic of Kosovo, to participate in all common regional and international initiatives on international transfers' supervision of strategic goods.

The strategic market control in the Republic of Kosovo is implemented through the legal regulation and institutional governmental structures in various departments.

The purpose of strategic trade control

The main purpose of creating a strategic goods control system is to protect the national security interests and to meet the international commitments of the Republic of Kosovo for preventing the spread of weapons of mass destruction and other strategic goods used for military purposes and to contribute to the international and regional efforts for regulating trade in strategic goods, limiting the transfer of conventional arms, and taking measures to avoid their use for terrorist and illegal purposes.

II. PART TWO

Legislation

Law No. 04/L198 on the trade of strategic goods

In June 2013, it was approved by parliament and in August it was announced in the Official Gazette, Law no. 04/L-198, on the Trade of Strategic Goods.

This law regulates the export, import, transit, transshipment, re-export and re-transfer of strategic goods, the provision of related services, as well as the control, supervision, rights and obligations of parties participating in business activity by this field.

This law shall apply to:

- any natural or legal person in the territory of the Republic of Kosovo, including all free trade zones, free customs zones, and airspace;
- any citizen of the Republic of Kosovo, in the Republic of Kosovo and abroad ;
- any legal person that in the Republic of Kosovo has its registered office, central headquarters, or a permanent business establishment, as well as the person's foreign subsidiaries and representative offices;
- any foreign person located outside the territory of the Republic of Kosovo and operating on behalf of or under the control of a person from the Republic of Kosovo.

Sub-legal acts, which are being implemented

- Administrative Instruction no.14/2013 on registration, licensing and implementation of administrative procedures,
- Administrative Instruction no. 02/2016 on the forms of registration, licensing, classification and certification of trade in strategic goods and related services
- Regulation No. 35/2013 on the functioning of the work of the commission for trade of strategic goods,

Lists of strategic goods that are updated each year according to EU lists:

- List of goods for military use that are subject to state control of import and export.
- List of dual-use goods subject to import and export control.

Implementation of other laws in the function of trade control in strategic goods

- Law on civil use of explosives no. 04/L-022
- Law on artificial fertilizers no. 2003/10
- Law on plant protection products no. 03/L-042
- Law on non-ionizing, ionizing radiation protection and nuclear safety no. 2010/03-L-104
- Law on medical products and equipment no. 03/L-188
- Law on prevention and fighting cybercrime no. 2010/03-L-166
- Law on amending and supplementing the law no. 03-L-196 on the prevention of money laundering and the prevention of terrorist financing no. 2012/04-L-178.
- Law on foreign trade no. 04/L048.
- Law on pesticides no. 2003/20
- Law on weapons, ammunition and relevant security equipment no. 05L-017
- Law on the arm no. 05L-022

III. PART THREE

Responsible state institutions

Department on Trade Control of Strategic Goods

Department on Trade Control of Strategic Goods (DTCSG) is the only institution within the Government of Kosovo, which operates on trade control of strategic goods such as: import,

export, transit, transshipment, transfer, brokering for dual-use goods, military equipment and related services.

The Department carries out the following activities:

Develops the analysis and makes the relevant expertise regarding the trading of strategic goods at all stages of the process, from the registration phase to the register, to further control after providing the license to the subject and the verifying the user and the final use of the goods.

Documents issued by the Department

CERTIFICATES

- Certificate for the registration in the register
- International import certificate
- Certificate for the verification on the delivery of goods
- Certificate for the end user

LICENSES

In the Republic of Kosovo, in order to exercise the trade activities with strategic goods, these **types of licensus** shall be issued:

- Individual License
- Global License
- General License

According to the activity, these types of licenses are issued:

- License for export of strategic goods
- License for re-export, or re-transfer of strategic goods
- License for import of strategic goods
- Brokerage License - brokering
- License for the provision of services
- License on transit or transshipment of Strategic Items

REPORTS

- Report on goods exported under the General License

DECISIONS

- Issuance of licens/authorization
- Not reviewing and rejecting the application
- Revocation and suspension of the application
- Repeal of license.

Committee on Trade Control of Strategic Goods

The inter-ministerial committee operates under Article 4 of Law no. 04/L-198 and has the following competencies: review, approve, revoke, amend and revoke licenses for export, import, transit, transshipment, overseas re-exportation, re-transfer and provision of related services and other duties, as foreseen in this law and sub-legal acts.

The committee consists of five (5) members and vice-members, represented by:

- Ministry of Trade and Industry (the Chair);
- Ministry of Foreign Affairs;
- Ministry of Defense;
- Ministry of Internal Affairs
- Kosovo Customs.

During this one-year period, the committee was summoned by the chairman 35 times and a meeting was held for the review of applications as well as the exchange of various informations regarding the trade control of strategic goods.

RULES

The trade control of strategic goods, dual-use goods, military goods and related services is a common international initiative, which arises as a necessity of overseeing international transfers of strategic goods.

The main international rules in this area are:

Resolution 1540 of the United Nations Security Council, which specifically defines the obligation for UN member states for taking measures to control the transfer of these goods by building effective state control systems.

Regulation of European Union no. 428/2009 dated on May 5th, 2009, as well as a series of joint positions and actions, which build a combined control system for the movement of military goods and dual-use goods.

IV. PART FOUR

Control and Licensing

Trade control of strategic goods includes:

All goods included in the European Union control lists, which are approved and updated annually by a Government decision (currently the lists in force are approved by the Government of Kosovo).

Activities developed by entities dealing with trading of trade strategic goods.

- Export
- Import
- Transit
- Transshipment
- Brokering
- Services
- Technical assistance.

The main objectives of trade control of strategic goods are:

- Guaranteeing registration of certificates in the register of licenses, permits, end-user certificates and authorizations for entities (natural or legal persons) involved in international transfers of strategic goods, which gives them the right to import, export and transit.
- Developing negotiations and signing foreign economic trade agreements.
- Revocation of licenses, permits and certificates when these entities violate legislation in the area of strategic goods trade control.
- Guaranteeing the issuance of international import certificates and end user certificates.
- Evaluation of the conditions for registration in the Register of Trade Control Department with Strategic Commodities, of subjects that are intended to carry out international transfers of military goods.

Registration and licencing procedures

Registration in the Register:

Registration in the register is regulated by Administrative Instruction No. 02/2016, for registration, licensing and implementation of administrative procedures. Subjects engaged in activities in trading with strategic goods should be registered in the DTCSG, which issues these entities a registration certificate and keeps a register of entities involved in the international trade. This is the first moment of the genuine licensing process.

Application for licence:

Commercial entities wishing to obtain a license, authorization or certificate must submit the required documentation to the DTCSG and complete the application form. The required criteria, relevant documentation, answers to frequently asked questions, information points to the public and all the necessary information are published on the MTI website www.mti-ks.org.

Reporting

Pursuant to paragraph 5 of Article 21 of the Law on Trade in Strategic Goods, the Department prepares and submits to the Government the secret version of the report by 30 April of the calendar year before May 30th of the calendar year. The Ministry, respectively, the department prepares the report version for the publication in the Ministry's website.

Control and licensing

The DTCSG, in co-operation with the committee, exercises a comprehensive control during the licensing process, which extends throughout the time, before, during and after the moment of issuing the entity with the specific legal document.

The object of this control is:

a) Control of documentation and request

This control previously consists in verifying the accuracy and correctness in completing the documents submitted in accordance with the applicable legal procedures and the filling out correctly the request for obtaining legal document, which is considered as the stage of proper control of the documentation.

b) Expert`s technical control

In fact, this phase of control is dedicated to the verification of goods that are subject of the license, by comparing the data described by the applicant with those of the effective goods.

The control of entities about the issuing or not issuing with the required document according to the law is closely related to the decision-making process. If necessary, cooperation and opinions of other specialised bodies shall be taken for the decision-making process.

V. PART FIVE

Developments

Activities conducted during April 2018 – April 2019

CLASIFICATION

During this period of time the DTCSG has had 1003 requests for classification of strategic goods, of which a large number of them resulted that they are not subject to the control regime.

REGISTRATION

The application for registration in the registers is a continuous process and precedes the licensing process, currently 55 companies are registered in the registers which are provided with certificates, and companies are in the category of military goods and in the category of dual-use goods.

LICENCING

Thirty-seven (37) individual licenses that are included in the category of dual-use goods, five (5) of which are Re-export, two (2) Export and one (1) in military goods

1. Individual import licence (category ML6a) for the company Mine Action & Training Mondial Kosovo that deals with demining,
2. Individual import licence (category 5A001a, 5D001d) for the company Asseco SEE L.L.C. that deals with information technology,
3. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology,
4. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology,
5. Individual import licence (1A007.a) for the company Mine Action & Training Mondial Kosovo that deals with demining,
6. Individual import licence (category 1C350.45) for the company NPT a-com that deals with trading of chemicals,
7. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology
8. Individual import licence (category 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology
9. Individual import licence (5A002) for the company Cactus j.s.c that deals with electronic equipment on data encryption,
10. Individual import licence (category 1C235, 1C239) for the company Keis Pharmaceutical that deals with import of medicaments,
11. Individual import licence (category 5A002.a.1, 5D002.c.1) for the company Ipko Telecommunications L.L.C that deals with telecommunication services,
12. Individual import licence (category 5A002.a,) for the company Asseco SEE L.L.C. that deals with information technology
13. Individual export licence (category 5A002.a,) for the company Asseco SEE L.L.C. that deals with information technology
14. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology

15. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology
16. Individual export licence (category 5A002.a,) for the company Asseco SEE L.L.C. that deals with information technology
17. Individual import licence (category 5A002) for the company Cactus j.s.c. that deals with information technology
18. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology
19. Individual import licence (category 1C350) for the company NPT a-com that deals with trading of chemicals,
20. Individual import licence (category 5A002.a) for the company Botek L.L.C. that deals with information technology,
21. Individual import licence (category 5A002.a) for the company Botek L.L.C. that deals with information technology,
22. Individual import licence (category 5A002a.1) for the company Cactus j.s.c. that deals with information technology
23. Individual Re-export Licence (category 5A002, 5D002) for the company Ericsson Nikola Tesla d.d. Branch Office that deals with electronic equipment on data encryption,
24. Individual Re-export Licence (category 5A002, 5D002) for the company Ericsson Nikola Tesla d.d. Branch Office that deals with electronic equipment on data encryption,
25. Individual import licence (category 5A002, 5D002) for the company Ericsson Nikola Tesla d.d. Branch Office that deals with electronic equipment on data encryption,
26. Individual import licence (category 5A002, 5D002) for the company Ericsson Nikola Tesla d.d. Branch Office that deals with electronic equipment on data encryption,
27. Individual import licence (category 5A002, 5D002) for the company Ericsson Nikola Tesla d.d. Branch Office that deals with electronic equipment on data encryption,
28. Individual import licence (category 5A002.a, 5D002.c) for the company Asseco SEE L.L.C. that deals with information technology,
29. Individual import licence (category 5A002b) for the company Cactus j.s.c. that deals with information technology,
30. Individual import licence (category 5A002.b, 5A002.a, 5D002.c) for the company Asseco SEE

L.L.C.that deals with information technology,

31. Individual import licence (category 5A002.b, 5A002.a,) for the company Asseco SEE L.L.C.that deals with information technology,

32. Individual import licence (category 5A002.a) for the company Asseco SEE L.L.C.that deals with information technology.

33. Individual re-export licence (category 5A002.a) for the company Asseco.SEE L.L.C. that deals with information technology.

34. Individual import licence (category 5A002.a) for the company Asseco SEE L.L.C. that deals with information technology.

35. Individual re-exports licence (category 5A002.a) for the company Asseco SEE L.L.C. that deals with Individual re-export licence.

36. Individual re-exports licence (category 5A002.A) for the company Ipko Telecommunications L.L.C that deals with telecommunication services.

37. Individual import licence (5A002.A) for the company Mrezne Tehnologije Verso d.o.o Branch in Kosovo that deals with information technology

Other activities

- On April 19, 2018, was held the annual industry conference, which was organized by the Departament on trade control of strategic goods under the assistance and full funding of the US Embassy EXBS program in Pristina. There were 32 companies involved in strategic goods, responsible institutions involved in the strategic control process, and external experts supported by EXBS.



The participation of the Croatian expert contracted by EXBS – his presence four (4) times during this year, with a two-week stay at the DTSCG office.



-Other decisions;

- 1) Supplementing and amending the Govrenment`s decision for the Licensing Committee No.16/61, dated on 22.08.2018
- 2) Supplementing and amending the Govrenment`s decision for the Licensing Committee No.04/90, dated on 19.02.2019
- 3) Decision no. 02/29 dated on 01.03.2019
Approval of the Internal Compliance Plan, as well as the approval of five guidelines:
 - a). A guide for receiving, reviewing and decision-making regarding license applications for strategic trade.
 - b). Guidelines for conducting public information.
 - c). Guidelines for promoting the creation, certification and audit of internal compliance programs.
 - d). Guidelines for the execution of administrative implementing actions.

**e). Guidelines for the Committee on Control and Licensing of Strategic Goods.
Participation in workshops, seminars, trainings;**

Month	Activity	Accomplishment
May	Study visit organized by the BAFA organization associated with COARM - Vienna, Austria	16.05.2018 – 17.05.2018
April	Participation in Consultations on the Administrative Implementation of Strategic Trade Control - Pristina, Kosovo	23.04.2018-25.04.2018
June	Participating in the meeting with Joe Baldwin and Dave Froman, the topic of the discussion was "The Proposed Plan for the Balkans. Pristina-Kosovo	13.06.2018
September	Participation in the working group for drafting a strategy against the non-proliferation of weapons of mass destruction (WMD) Racviac-Zagreb	16.09.2018-20.09.2018
September	Training for the Department and the Commission with the BAFA project experts regarding the classification of dual use products and the military ones.	25.09.2018-26.09.2018
September	Training for the Department and the Commission /Customs - with experts from the American program EXBS regarding the creation of the Department's web site, the Internal Compliance Plan and the classification of strategic goods.	27.09.2018-28.09.2018
September	Participation in the next Racviac training: Vienna Document - Verification and Compliance Course	01.10.2018-05.10.2018
October	Participation and presentation by DKTMS to countries in the region from the field of export control to the "Regional Arms Exports Workshop". Tirana	09.12.2018-12.10.2018
October	Participation at the meeting "Second Dialogue on Export Control Development". Brussels	03.10.2018-06.10.2018
October	Participation in the "Academy of Management of Security Trade and Strategy" University of Georgia-USA	13.10.2018-28.10.2018
February	Participation in the Regional Workshop on the Implementation of Strategic Goods Control, organized by the US Embassy, EXBS project- Tirana	04.02.2019-07.02.2019

February	Participation in the inspection of the company "Ericsson Nikola Tesla d.o.o Branch Kosovo"	26.02.2019
February	Participation in the inspection of the company "Ipko Telecommunactions"	28.02.2019
March	Participation in VITAL SHIELD-TTX worker organized by EUCOM and RACVIAC held in Pristina	18-.03.2019-20.03.2019
April	Participation at "Wisconsin Project's Risk Report database" workshop organized by EXBS held in Tirana	08.04.2019-09.04.2019

Other;

Drafting annual action plan for improvement of strategic control for 2019 which contains;

Inspection plan

Conduct awareness raising workshops for the business industry

Collaboration with Institutions involved in the process of strategic control

Control plan at customs crossings points with officials from Kosovo Customs

Identification of the new potential trading companies for strategic goods.

VI. PART SIX

Cooperations

Cooperation with Industry

Six workshops (information meetings) with businesses were organized and held to be informed about the procedures of registration in the registers, procedures for classifying strategic goods and licensing procedures.

In these workshops have participated 60 businesses, that deal with information technology, medical equipment and products, processing of materials and various chemicals, weapons and ammunition, military equipment, related services, brokering, etc.

Participating companies were informed about the obligations under Law 198 on the trade control of strategic goods and necessary documentation was issued to them.

During the meetings there were many discussions and mainly the focus was on identifying and classifying goods, which is the most challenging point of the entire process.

After attending these informative meetings, businesses came to the department to assist officials in classifying and identifying the goods they are trading. Some of these participating companies were also visited by the department officials to be closely informed with the activities they conduct and at the same time to identify the equipment and machineries that use these companies to understand and inform if these equipments may be modified for other productive purposes.

Identification of businesses that conduct business activities with strategic goods.

Businesses that are considered to conduct activities in trading, brokering or providing strategic commodity services, have been identified. We have contacted the companies and met them individually. Many of these companies have participated in the informative meetings conducted by the department where they were informed about registration procedures in the registers and licensing procedures. We have provided them with all necessary information materials (law, administrative instructions, application criteria, list of military goods, list of dual-use goods, etc.) It has been constantly working on identifying new companies entering this category of strategic goods, always cooperating with various institutions and business associations, chambers of commerce and so on.

In identifying these companies, take part companies that deal with:

- a) medical equipment and products,
- b) information technology,
- c) processing of various materials and chemicals,
- d) weapons and ammunition,
- e) various military equipment,
- f) brokering services, processing and production of metals, etc.

Cooperation and Institutions

Occasional meetings took place with Customs representatives regarding the identification of companies dealing with strategic goods. The Customs have received accurate information on trade exchanges that companies have accomplished where they have identified those dealing with strategic goods based on analysis and research of hard copy documents and physical checks of trade transfers.

Cooperation with various institutions such as: MIA, MFA, MoD, CUSTOM, KARPNS, KAMP, MESP, MoH etc. The purpose of this cooperation has been to focus in the implementation of legislation on trade control with strategic goods related to the Law on Weapons, the Law on Radiation Protection, the Law on Sanctions, the Law on Explosive Materials, the Law on Medicinal Products and Medical Equipment. as well as obtaining information about companies that conduct activities that fall into the category of strategic goods which have contractual

relations with institutions, permits and licenses issued by these institutions to companies related to this field.

Cooperation with regional countries

Cooperation agreement has been signed with Montenegro's Ministry of Economy, respectively with the counterparty office for strategic goods control. All procedures were conducted through the Legal Office and MFA of Kosovo in harmony with Montenegro's MFA.

The purpose of this agreement is cooperation in the field of control of military goods, dual-use goods and technologies, exchange of information and experience on issues of international control and transfer of strategic goods and non-proliferation of weapons of mass destruction. Within the framework for the implementation of this agreement, it is expected the exchange of information regarding the requirements addressed by the signatory parties about exports for some companies that trade strategic goods.





Cooperation with donators

As per cooperation with international institutions, it is worth mentioning the cooperation with the US Embassy through EXBS program (Export Control and Related Border Security).

This program is the main supporter of strategic as for the strategic market control in which case has offered a significant number of trainings and seminars on capacity building of DTCSG officials, co-operation and support through engagement of their experts in drafting the;

- Administrative instruction No.14/2013 on registration, licensing and implementation of administrative procedures.
- Administrative instruction No.02/2016 on the forms of registration, licensing, classification and certification of trade in strategic goods and the provision of related services;
- Regulation no.35/2013 on functioning of the work of committee for strategic goods trade control.
- The internal compatibility program
- Instruction for Classification of Goods;
- Instruction for receiving, reviewing and decision making about the license requirements for strategic trade;

- A decision-making instruction on licensing requirements;
 - Instruction for conducting public information;
 - Instructions on promoting the establishment, certification and audit of internal compliance programs
 - Instructions for carrying out administrative enforcement actions
- Support with office equipment such as; computers, laptops, apparatus, cameras, telephones, projectors, printers, routers, usb etc.

It is also worth mentioning that a new vehicle was donated to the department for the needs of on-site inspections as well as study visits to countries in the region.





Support regarding the preparation of technical specifications on the strategic goods database, providing and financing the translation for the list of military goods and lists of goods for dual use, providing advice by their experts at the request of the department and the inter-ministerial commission, providing information about Conventions, Treaties and various Resolutions regarding as for the strategic control in which Kosovo is not yet become a membership etc.

Cooperation with the German Federal Office for Economic Affairs and Export Control BAFA, who have supported the department by providing trainings and seminars on capacity building in the field of strategic control, etc.

Cooperation with international organizations, homologue authorities in the region

At this period of time, the Department has had a fruitful cooperation with several other international institutions and counterparts in the region such as:

Export Control Office and Border Security (EXBS, Export Control and Border Security) EXBS

Cooperation with Croatia (Department for weapons and permits at the Ministry of Finance and the Ministry of Foreign Affairs and European Integration)

RACVIAC - Center for Security and Cooperation, headquartered in Zagreb-Croatia.

Albanian Export Control Authority - Tirana.

Department of Politics and Foreign Trade Policy - Ministry of Economy, Podgorica, Montenegro.

German Federal Office for Economic Affairs and Export Control (BAFA).

VII. PART SEVEN

Sanctions

For a violation that has caused serious damage to state security, foreign policy or public security, perpetrators may be sentenced from 1 to 8 years imprisonment or a fine of 10,000 euros (ten thousand euros) to 30,000 euros (thirty thousand euros). In special cases, they may be punished by a value of 4 times higher than the value of the goods.

The Ministry of Trade and Industry, namely the DTCSG may impose other administrative measures such as license or registration or impose fines of 1000 € (one thousand euros) up to 5000 € (five thousand euro) or the double value of the goods.

VIII. PART EIGHT

Challenges and Recommendations

Challenges

- Lack of experience in Kosovo institutions in the field of strategic market control.
- Insufficient staff, lack of specific profiles to achieve the objectives set out in the work plan.
- Avoiding businesses to undergo a license regime.
- Lack of financial resources, the very small budget of the Department for Promotion of Processes and Capacity Building for Inclusive Institution Officers in the Process.

Current recommendations of the DTCSG are:

- To increase the budget of the Department,
- To increase the number of professional staff.

For further improvements in the area of trade control of strategic goods, it is necessary to:

Fulfill the international commitments of the Republic of Kosovo, arising from UN Resolution 1540, recommendations and other documents related to the prevention of non-proliferation of weapons of mass destruction and the fight against terrorism.

Start procedures for Kosovo's membership in international treaties and control regimes such as: in the Agreement of Wassenaar (WA), Australia Group (AG), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG) and the Zangger Committee (ZC).

Create a more effective regional cooperation in the field of export control.

Participate in EU Cooperation under the Long Term Project (LTP).

Accomplish the database for the needs of Department's and commission's, which is expected to be operational in 2019 – data base that is expected to be donated by the EXBS program

April 2019