

1



Bulgaria



Bulgaria data profile

Population ¹	8.2 million (2000)
Territory ²	110,910 km ²
GDP ³	\$12 billion (2000)
Inflation rate ⁴	10.4% (2000 est.)
Current value of external debt ⁵	\$10,364 million (2000)
Unemployment rate ⁶	17.7% (2000 est.)
Defence budget (percentage of GDP) ⁷	2.45% (1999)

1.1 Introduction

DURING THE COLD WAR, Bulgaria supplied weapons to Warsaw Pact countries and communist governments all over the world. Producing a variety of mainly Soviet-licensed equipment, from sophisticated communications equipment to military vehicles and a range of small arms, Bulgaria's arms industry was the driving force of the national economy. The defence industry accounted for 20 percent of the country's Gross Domestic Product (GDP), employing a workforce of up to 115,000 people involved in the production of arms and an estimated 400,000 in support through subcontracting and supplies.⁸ This trade has been badly hit by developments since 1989. The disintegration of both the Council for Mutual Economic Assistance (COMECON) and the markets in the former Soviet Republics, coupled with the loss of state subsidies and traditional markets outside Europe (some of which came under

¹ The World Bank Group, www.worldbank.org/data.

² www.emulateme.com/content/.

³ The World Bank Group, www.worldbank.org/data.

⁴ Consumer prices. www.emulateme.com/content/.

⁵ The World Bank Group, www.worldbank.org/data.

⁶ www.emulateme.com/content/.

⁷ *Jane's Sentinel*, www.janes.com.

⁸ *The Bulgarian Defense Industry – Strategic Options for Transformation, Reorientation & NATO Integration*, (the Atlantic Council of the United States, July 2001), p vii; 'War on terrorism afflicted markets for Bulgarian weapons' [in Bulgarian], *Sofia Kapital*, 10–16 November 2001, source: David Isenberg's Weapons Trade Observer.

UN embargoes, such as Iraq and Libya), saddled the arms industry with a heavy debt burden. It also contributed to the accumulation of unsold weapons, which in 1992, were worth \$800 million. As little financial support was made available for the conversion of the military industry to civilian production, the country sought new foreign markets to maintain jobs, keep the arms production lines open and bring in hard currency. A temporary resurgence of arms exports was achieved in 1994 when Bulgaria exported armaments worth between \$220 and \$280 million. But this trend was not sustained during 1995 and 1996 when sales fell to \$140m and \$100m respectively.

Bulgaria has often been criticised for its lax arms export controls. In 1999, for example, Human Rights Watch wrote: “Bulgaria has earned a reputation as an anything-goes weapons bazaar where Kalashnikov assault rifles, mortars, anti-tank mines, ammunition, explosives and other items are available for a price – no matter who the buyers are or how they might use the deadly wares”.⁹ In recent years, however, efforts have been made to strengthen Bulgaria’s arms trade regulations and improve the country’s reputation. Bulgaria joined the WA in 1996, and in August 1998, together with 12 other non-EU members, Bulgaria agreed to abide by the EU Code of Conduct on Arms Exports.¹⁰ Since then, the Bulgarian Government has repeatedly promised to tighten national controls on arms trading to bring them into line with model international standards. At Bulgaria’s invitation, a Regional Conference on Export Controls was held in Sofia in December 1999 under the auspices of the Stability Pact. Bulgaria stressed the primary objective of increasing co-operation and co-ordination among states in the region to prevent illegal arms flows, as well as the development of effective arms and dual-use export control systems.¹¹ In April 2001, the government made public its arms export blacklist of countries and organisations to which Bulgaria applies prohibitions or restrictions on the sale and supply of arms in accordance with UN Security Council resolutions¹² and decisions by the EU and the OSCE.

As part of its efforts to move towards a fully market-oriented economy, the government is restructuring its defence industry, mainly through the privatisation of cash-strapped arms manufacturing firms. The government also sees privatisation as an element in the country’s military modernisation plan, which is linked to its desire to join NATO. At present the privatisation process is facing several challenges, including the need to modify the ownership structure of companies and the negotiation of payments for Russian arms production licences. Following a number of failed projects to manufacture weapons of US or NATO standards and to assemble the Israeli-designed Halil sub-machine guns, and frustrated attempts to fulfil a number of other foreign orders, the traditional “Russian licences and co-operation with the Russian arms designers remained the only option”.¹³ There are, however, problems with this approach due to unresolved issues surrounding the arms-manufacturing licences.¹⁴

Nikolay Vasilev, the deputy prime minister and economy minister, said in November 2001 that the defence industry has been the only Bulgarian industrial sector to increase its sales in 2001. However, commentators warn against premature optimism, arguing that the post-September 11 climate, a short-term phenomenon, is the cause of the unusually high figures. Many pin their hopes for the industry’s survival on the modernisation of the Bulgarian Army to NATO standards in accordance with ‘Plan 2004’, under which capital investment will reach up to 30 percent of the Defence Ministry’s budget. Plan 2004 is seen by some as a “cure-all” for the military-industrial

⁹ *Money Talks, Arms Dealing with Human Rights Abusers* (Human Rights Watch, April 1999), vol 11, No 4 (D).

¹⁰ The code lists export criteria to guide decisions to grant or refuse an application for an arms export licence, specifying that governments will not authorise arms exports to human rights abusers, areas of conflict or countries that might retransfer the weapons to unauthorised end-users.

¹¹ The conference resulted in the adoption of a Joint Declaration on Responsible Arms Transfers, and a Statement on Harmonisation of End-use/End-user certificates (referred to as the ‘Sofia Declaration’).

¹² See section 1.2.2 and appendix 3, section 1.7.3.

¹³ Op cit *Sofia Kapital*.

¹⁴ In the opinion of the Russian Trade Representative to Bulgaria, Aleksey Semernev, Russia “should either get a share in the Bulgarian defence industry or receive appropriate compensation for our licences” “Russia plays arms licensing trump card again” [FBIS translated text], Todor Varchev, *Sofia Standart News*, 9 March 2001, source: David Isenberg’s Weapons Trade Observer.

complex, a belief supported by a recent survey conducted by the Bulgarian Academy of Sciences, which concluded that the Bulgarian defence market is likely to expand considerably as a result of military reform.¹⁵

Bulgaria's plans for military modernisation and streamlining will result in an excess of 50,000 tonnes of munitions, and an estimated further surplus of 500,000 Kalashnikov submachine-guns as well as other light weaponry.¹⁶ The international NGO, Human Rights Watch, estimates that the number of tanks in service will be reduced from 1475 to 750, and further, unknown quantities of materiel will also be rendered surplus and therefore potentially marketable.¹⁷ Bulgaria announced in 1997 that it was planning to reduce the size of the armed forces by one-third. This force reduction is likely to generate increased stocks of surplus weaponry. In addition, the planned procurement of Western military equipment will relegate some of Bulgaria's outdated Soviet-era equipment to the surplus pile.¹⁸ A US military expert has warned: "The truth is that no one knows what quantities of weapons there are in various warehouses. What we have is marketable weapons. We are concerned about the possibility of those weapons getting out of the warehouses and finding their way into the black market. As the government lacks an alternative employment programme for discharged employees in the military-industrial sector, such a scenario may turn out to be their only way to survive."¹⁹ US concern at these prospects has translated into a special financial programme to fund the marketing and destruction of surplus armaments (See section 1.2.4).

1.2 Normative and regulatory framework

1.2.1 Commitments to international control regimes

Legally and politically binding commitments undertaken by Bulgaria	Year
Nuclear Non-proliferation Treaty	1969 ²⁰
Nuclear Suppliers Group	1988
Zangger Committee	1993
Chemical Weapons Convention	1993
Biological Weapons Convention	1972
Australia Group	2001
Wassenaar Arrangement	1996
Conventional Forces in Europe Treaty	1991
Ottawa Landmine Convention	1998 ²¹
EU Code of Conduct	1998
EU Joint Action on Small Arms and Light Weapons	1999
OSCE Criteria on Conventional Arms Transfers	1993
OSCE Document on Small Arms and Light Weapons	2000

1.2.2 Legislation governing arms production and export

In addition to its international commitments to arms sale restraint, Bulgaria also has legislation governing various aspects of the export of arms and dual-use goods. Related legislation and other normative arrangements were developed in 1995 and 1996 in line with requirements for accession of Bulgaria to the WA.

¹⁵ "Logically, [Bulgaria's] defence industry will take part in the modernisation process. The issue is whether and in what way the military plant will use the opportunity." However, Dr Todor Tagarev, the author of a different report on the reforms, believes that "at present the Bulgarian defence ministry has limited capabilities to cope with this task... it has limited capabilities of effectively partaking in the modernisation of the armed forces." Op cit *Sofia Kapital*.

¹⁶ 'Arms business conflicts divulged its scope' [FBIS translated text], Iliya Talev, *Sofia Kapital*, 3 March 2001, source: David Isenberg's Weapons Trade Observer.

¹⁷ Op cit Human Rights Watch November 1999, www.hrw.org/press/1999/nov/bulgback.htm.

¹⁸ Op cit Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/, section V.

¹⁹ Op cit *Sofia Kapital*.

²⁰ Date ratified.

²¹ In January 2001 Bulgaria became the 27th country to have destroyed its stock of anti-personnel mines, nearing 900,000, under the Ottawa Treaty. 'Bulgaria destroys last mine', *Jane's Defence Weekly*, 24 January 2001.

The foreign trade in arms and in potentially dual-use goods and technologies²² is regulated by the November 1995 Law on Control of Foreign Trade Activity in Arms and Dual-Use Goods and Technologies²³ and Government Regulation SG 102/95 on Implementation of the Law on Foreign Trade Activity in Arms and Dual-Use Goods and Technologies.²⁴ The arms control lists applied by Bulgaria effectively implement the WA Munitions List and the unified and annually updated EU list for dual-use goods and technologies. Current Bulgarian legislation also includes a 'catch-all' clause, which provides for the exertion of control over non-listed goods and technologies.

The law states that foreign trade in arms and dual-use goods "may" be subject to restrictions when the activity contravenes national security and the foreign political interests of Bulgaria, or the country's credibility and international obligations.²⁵ However, there are no provisions barring weapons transfers to forces responsible for gross human rights abuses and violations of international humanitarian law, nor to countries in conflict or those suspected of diverting arms to unauthorised third parties.

Following negative publicity over arms exports, in April 2001 the Bulgarian Government introduced a new decree²⁶ embodying into domestic law UN, EU and OSCE arms embargoes that were in effect at that time.²⁷ More recently, in January 2002, the Bulgarian Government approved draft amendments to the Law on the Control of Foreign Trade Activity in Arms and in Dual-use goods and technologies,²⁸ bringing the country's arms trade a step closer to stricter regulation. The amendments include: increased penalties in cases of violation; the extension of the term of trade licences to reduce bureaucracy; additional regulations designed to better identify the end-user; and provisions to control the activities of middlemen or brokers. Having now been approved by the Council of Ministers, and submitted to the National Assembly, the new provisions are expected to be enforced by mid 2002.²⁹

1.2.3 The decision-making process and administrative structure for policy implementation

Under Bulgarian legislation, the responsibility for authorising international arms transactions is shared throughout the government as decisions are taken interdepartmentally. The law provides for a dual licensing procedure. First, Bulgarian companies are required to obtain authorisation to participate in the arms trade. Licences to trade in arms are issued, and withdrawn, by the Interministerial Council on Defence Industry and Logistics, which is a cabinet body responsible for developing Bulgaria's arms trade policy. The deputy prime minister chairs the Interministerial Council, and other permanent members include the deputy ministers of economy, defence, foreign affairs, finance, interior, transport, development, and education and science, as well as the deputy head of the general staff of the Bulgarian Army and the director of Bulgaria's intelligence service.³⁰ Arms trading licences are granted for a period up to six months and are then subject to renewal.

After an arms trading licence is obtained, companies must seek a permit for a particular sale. Each individual arms export transaction, including sales of surplus military equipment, requires an export permit, which is issued by a commission within the

²² These are goods that can be used for both civil and military purposes.

²³ See appendix 1, section 1.7.1.

²⁴ See appendix 2, section 1.7.2.

²⁵ Article 4 and article 2, appendix 1, section 1.7.1.

²⁶ See appendix 3, section 1.7.3. Decree No 91 of 9 April 2001 On the Approval of a List of Countries and Organisations with regard to which Bulgaria, in accordance with Resolutions of the United Nations Security Council and with Decisions of the European Union and the Organisation for Security and Cooperation in Europe, applies Prohibition or Restrictions on the Sale and Supply of Arms and Related Materiel.

²⁷ The Council of Ministers announced that Bulgaria would not export arms, ammunition, military transport equipment, or spare parts to: Armenia, Azerbaijan, Afghanistan, Myanmar, Bosnia-Herzegovina, Eritrea, Ethiopia, Iran, Iraq, Yemen, China, Democratic Republic of Congo, Liberia, Libya, Somalia, Sudan, Yugoslavia and sanctioned rebel groups in Angola (such as UNITA), Rwanda and Sierra Leone.

²⁸ See appendix 1, section 1.7.1.

²⁹ Saferworld interview with officials from the Bulgarian Ministry of Economy, Sofia, 29 January 2002; 'Amended statutes for trade in special production', [in English] *Sofia BTA (Internet version-WWW)*, 1551 GMT, 17 January 2002, source: David Isenberg's Weapons Trade Observer.

³⁰ Op cit Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/, section IV.

Ministry of Economy known as the Commission for Control of Foreign Trade Transactions with Arms and Dual-Use Goods and Technologies. This commission, which is composed of eight members, is responsible for sanctioning every individual deal on a case-by-case basis and is chaired by the minister of economy. It includes one representative from the Ministries of Economy, Foreign Affairs, Interior and Defence, as well as two secretaries. A third level of control is provided by day-to-day operative supervision, that includes the Customs Agency, the Interior Ministry and other relevant services.³¹

All applications to export arms must be accompanied by documentation. Firms must provide their arms trading licences and an end-user certificate identifying the ultimate purchaser, as well as documentation showing that the purchaser is authorised to import arms. When the Ministry of Economy's commission grants an arms export licence, it notifies the Interministerial Council, the Customs Agency and the Ministry of Interior. If consensus on an application cannot be reached, the case is referred to the Interministerial Council.³²

1.2.4 Government guidelines and official policy on small arms and light weapons

The Bulgarian Government has committed itself to ensuring the application of a responsible national policy and restraint when considering licensing applications for the export of arms, including SALW, and dual-use items to sensitive destinations, in particular regions of conflict. The government has also expressed concern at the excessive and destabilising accumulation as well as the illicit trafficking of SALW and the wide range of social, economic and humanitarian problems that this creates.

In November 1999 a joint declaration on the collection, destruction and safe storage of SALW was prepared on the margins of the OSCE summit in Istanbul, and signed by ten countries, including Bulgaria.³³ Bulgaria and the other signatories declared their readiness to destroy light weapons in excess of their legitimate needs and those seized from illicit trafficking operations. The declaration welcomed the agreement to use the Southeast European Co-operative Initiative (SECI) Centre for Combating Trans-Border Crime in Bucharest to share information on illicit trafficking in firearms.

In October 2000 a Stability Pact seminar on 'SALW Collection and Destruction' was held in Sofia, co-hosted and co-chaired by the governments of Bulgaria and Canada. In addition to discussions on collection and destruction issues and initiatives pertinent to the region, the Ministry of Defence invited participants to visit the industrial destruction facility *Terem*, and to attend a practical demonstration of techniques and methods of SALW destruction.

Bulgaria started to destroy some stocks of surplus SALW in August 2001 in line with an agreement between the US State Department and the Bulgarian Ministries of Defence and Foreign Affairs. The USA has provided \$530,000 for the project, which saw the destruction of over 70,000 weapons in 2001 at the *Terem* EAD defence plant in Veliko Tarnovo.³⁴

Bulgaria's official policy on SALW was outlined at the UN Conference on 'the Illicit Trade in Small Arms and Light Weapons in All Its Aspects', which was held in New York in July 2001. Acknowledging the urgent need for collective international efforts, Bulgaria called for "an integrated and holistic spectrum of measures designed to address manufacturing and implementation of an effective regime of export control marking and tracing, security and safe management of stockpiles, destruction of

31 'Rebuilding system of control over exports of special production' [in Bulgarian], interview with Vladimir Velichkov, *Sofia Capital*, 10–16 November 2001, source: David Isenberg's Weapons Trade Observer.

32 Op cit Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/, section IV.

33 The Istanbul Declaration on Small Arms and Light Weapons of 18 November 1999 was made by: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, the Former Yugoslav Republic of Macedonia, Moldova, Romania, Slovenia and Turkey.

34 'Bulgaria destroys light arms', *Jane's Defence Weekly*, 22 August 2001; Official Press Release: 'The Stability Pact and Bulgaria', www.stabilitypact.org, 14 January 2002.

excess arms, enforcement of arms embargoes, organised crime, border control, disarmament, demobilisation and reintegration”³⁵ Such measures “should be synergetic and coherent, without unnecessary duplication of efforts at national, sub-regional, regional and global level”³⁶

1.3 Transparency and parliamentary/ public accountability arrangements

Bulgaria has provided information on arms exports to the UN Register of Conventional Arms since 1993. Occasionally, government representatives have provided information regarding Bulgarian arms sales. However, official information relating to production, holdings and exports of arms is very limited. There are no reporting mechanisms that provide parliament and the public with information on the authorisation of arms exports and their consignments. Under current secrecy laws, commercial arms trade information is treated as a state secret.

1.4 Arms production

Bulgaria has some 25 arms manufacturing companies that employ approximately 25,000 workers in total.³⁷ Some 18 of the 25 leading defence companies have been privatised, with the state retaining a 34 percent stake in only five of them.³⁸ In addition, the Ministry of Defence directly owns repair facilities that are engaged in a combination of military and civilian production.³⁹ Two waves of privatisation in the arms industry, the second in January 2001, saw the two “jewels in the crown of the Bulgarian arms trade”, Kintex and Teraton, taken off the list of companies to remain state-owned.⁴⁰ The declared motive behind the privatisation initiative is to help the arms industry recover from its heavy debt and encourage it to become more competitive in the export market. However, “while it is true that most of the plants have already been sold off, their new owners are just RMDs [associations of workers and managers], hardly the best buyer in terms of investment potential and scope of interests regarding future modernisation and development”⁴¹

The Bulgarian defence industry has a production range of weapons, munitions and related military equipment, which are considered to be reliable and relatively inexpensive. Bulgaria is known for the manufacture of SALW, its staple export items, which use relatively simple technology and are correspondingly cheap. In addition, Bulgaria produces more sophisticated optical, radar and communication equipment, as well as surface-to-air missiles and armoured personnel carriers. Most of Bulgaria’s production is Soviet-standard equipment, initially produced under Soviet licence and now manufactured under Russian licence. In the 1990s the country began moving towards producing NATO-standard equipment.⁴²

A small number of major companies dominate Bulgaria’s arms production and together account for about 80 percent of the country’s arms exports: the main exporters of materiel are the country’s large plants, *Arsenal-Kazanluk*, *VMZ-Sopot* (Vazovski Machine-Building Plants), *Dunarit-Ruse* and *Arkus-Lyaskovets*.⁴³

Vazovski Mashinostroitelni Zavodi Co (VMZ Co) in Sopot is a significant employer,

35 Statement by Ambassador Vassilij Takev, Deputy Minister of Foreign Affairs of the Republic of Bulgaria, New York, 12 July 2001. See appendix 4, section 1.7.4.

36 Ibid.

37 Op cit the Atlantic Council of the United States, p vii.

38 Op cit the Atlantic Council of the United States.

39 Op cit Human Rights Watch report April 1999, www.hrw.org/reports/1999/bulgaria/, section III.

40 ‘Kintex up for sale’ [in Bulgarian], *Sofia Standart News*, 14 January 2001, source: David Isenberg’s Weapons Trade Observer.

41 Op cit *Sofia Kapital*.

42 Ibid.

43 Op cit interview, *Sofia Kapital*.

with approximately 6,500 personnel.⁴⁴ The company produces a broad range of items, including grenade launchers, ammunition, missile systems, anti-aircraft and anti-tank systems. The company also has a significant non-defence capability and in 2000 approximately 43 percent of its revenues came from civil production. According to recent media reports, VMZ is experiencing serious financial hardship.⁴⁵

Terem SHC has considerable military repair, overhaul and upgrade facilities across a range of land, sea and air platforms.⁴⁶ It overhauls MiG fighter jets (MiG 21 and MiG29) and engines, as well as helicopters, armoured vehicles, artillery and rocket systems. The company has 4,000 employees at its eight operational facilities, and is likely to remain state-owned in the short- and medium-term. According to Bulgarian Defence Minister Nikolay Svinarov, there are logical reasons why the Bulgarian Government does want to privatise *Terem*: “The company’s structure is fraught with deficiencies and imperfections”, and “servicing military equipment may not be done by denationalised or predominantly privately owned companies”.⁴⁷ Government plans are tending towards continued modernisation of MiG aircraft, and possible civil conversion of some units of the company pending assessments.

The arms trading company *Teraton*, also specialises in sales of sophisticated goods, such as radars and optical military equipment.⁴⁸ *Beta* in Cherven Bryag, manufactures multi-functional armoured vehicles and howitzers. The company has been sold to the Beta 99 Worker-Manager Association and its workforce is scheduled to be cut from 1,220 to 850.

1.4.1 Small arms and light weapons production

Bulgaria is known for manufacturing handguns, assault rifles (including several models of the Kalashnikov, such as the AK-47 and AK-74), mortars, anti-tank mines, ammunition and explosives.

Arsenal is the leading manufacturer of light weapons and ammunition in Bulgaria. It produces a wide range of arms including Kalashnikov assault rifles, machine guns, mortars and grenade launchers. The company has several factories in the town of Kazanlak and currently employs 5,000 workers.⁴⁹ Over the past two years, *Arsenal* has re-oriented its production to NATO standards, for example, converting to NATO calibre 5.56mm ammunition. The firm was partially privatised in 1999 when a 51 percent stake was sold to the Arsenal 2000 Worker-Manager Association.

Kintex SHC is a major trading firm and the country’s oldest and most important arms trading company, and the primary distributor and exporter for most of its SALW.⁵⁰ *Kintex* also has engineering expertise for large turnkey projects, and has in the past assisted in building factories in Iran and Iraq.⁵¹ *Arkus* in Lyaskovets manufactures handguns and ammunition for artillery, rocket systems and small arms. The company, currently employing 1,400 workers, was sold to *Arkus-Bulgaria* in 1999. *VMZ Co* includes SALW in its range of products, primarily grenade launchers and ammunition.

1.5 Arms exports

Bulgaria’s arms production is primarily export driven. The table overleaf deals with deliveries or orders were made between 1992 and 2001.

⁴⁴ Op cit the Atlantic Council of the United States, p 2.

⁴⁵ ‘They survive on 80 leva a month in VMW Sopot’ [in Bulgarian], Vanya Mincheva, *Sofia Trud*, 7 August 2001, p 8, source: David Isenberg’s Weapons Trade Observer.

⁴⁶ Op cit the Atlantic Council of the United States, appendix A, p 3.

⁴⁷ ‘Bulgarian Defence Minister Views Impending Modernisation of MiG-29s’ [in Bulgarian], *Sofia Banker*, 15–21 December 2001, source: David Isenberg’s Weapons Trade Observer.

⁴⁸ Op cit Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/, section III.

⁴⁹ Op cit the Atlantic Council of the United States, appendix A, p 1.

⁵⁰ Op cit Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/, section III.

⁵¹ Op cit the Atlantic Council of the United States, July 2001, p 5.

Bulgarian Exports of major conventional weapons by recipient country, 1992–2001

Table created by Pieter Wezeman (SIPRI) for Saferworld, 23 November 2001⁵² () Uncertain data or SIPRI estimate

Recipient Country	No. ordered	Weapon designation	Weapon description	Year of order/licence	Year(s) of deliveries	No. delivered/produced	Comments
Angola	4	2S3	Self-propelled gun	(1999)	1999	4	Ex-Bulgarian; probably sold via Slovakia
	4	D-20 152mm	Towed gun	(1999)	1999	4	Ex-Bulgarian; probably sold via Slovakia
	24	M-46 130mm	Towed gun	(1999)	1999	24	Ex-Bulgarian
	29	BMP-1	IFV	1993	1993	29	Ex-Bulgarian Army; 21 more ex-Belarusian delivered via Bulgarian company
	31	T-55	Main battle tank	(1999)	1999	31	Ex-Bulgarian
	24	T-62	Main battle tank	(1993)	1993	24	Ex-Bulgarian Army
DRC	3	2S1	Self-propelled gun	(1999)	1999	3	Probably ex-Bulgarian; recipient could be DRC
	(18)	2B11	Mortar	(1998)	1998	18	Designation uncertain; delivered via Poland; recipient could be DRC
Czech Republic	(40)	AT-6 Spiral/9M114	Anti-tank missile	1998	1999–2000	(40)	Part of a \$1.8m deal for 80 AT-6 missiles from Ukraine and Bulgaria, probably secondhand.
	(10)	AT-6 Spiral/9M114	Anti-tank missile	2000	2000	(10)	Supplier could be Ukraine
Eritrea	12	2S1	Self-propelled gun	(1999)	1999	12	Probably ex-Bulgarian
	30	M-46 130mm	Towed gun	(1999)	1999	30	Ex-Bulgarian
Estonia	14	M-43 120mm	Mortar	(1996)	1997	14	Ex-Bulgarian Army; designation uncertain
Ethiopia	(100)	T-55M	Main battle tank	(1998)	1999	100	Ex-Bulgarian Army; may incl some from Ukraine and/or Romania sold via Bulgaria
	(50)	T-55M	Main battle tank	(1998)	1998	(50)	Ex-Bulgarian Army; may incl some from Ukraine and/or Romania sold via Bulgaria
Georgia	2	Vydra Class	Landing craft	2001	2001	2	Ex-Bulgarian Navy; aid
Lithuania	20	2S11	Mortar	(1999)	1999	20	Designation uncertain
Macedonia	(8)	D-20 152mm	Towed gun	1999	1999	(8)	Ex-Bulgarian Army; aid; no delivered could be 10
	(108)	M-1938/M-30 122mm	Towed gun	1999	1999	(108)	Ex-Bulgarian; aid; no. delivered could be up to 142 (possibly incl some for spares only)
	(58)	T-55	Main battle tank	1999	1999	(114)	Ex-Bulgarian; no. delivered could be up to 114 (incl up to 56 for spares only); aid
	(36)	T-55 AM-2	Main battle tank	1999	1999	36	Ex-Bulgarian Army; aid
Myanmar	(100)	SA-16 Gimlet/Igla-1E	Portable SAM	(1998)	1999	(100)	Supplier uncertain
Peru	(236)	SA-16 Gimlet/Igla-1	Portable SAM	(1995)	1995–6	(236)	For Air Force
Romania	(42)	2S1 turret	SPG turret	1988	1989–92	(42)	Turret for Romanian M-89 or Model-1989 122mm SPG
Syria	210	2S11	Mortar	1992	1992	210	Designation uncertain
Togo	6	2S1	Self-propelled gun	(1996)	1997	6	Probably ex-Bulgarian; export licence given for delivery to Togo but probably meant for arrival in Togo, not accepted by Togolese Army and since then stored there.
Uganda	(28)	T-55M	Main battle tank	(1998)	1998	(28)	Ex-Bulgarian Army; part of \$35m deal for 90 incl some bought by Bulgaria from Ukraine and possibly Romania for export to Uganda
Yemen / Southern rebels	10	M-43 120mm	Mortar	1994	1994	(10)	Designation uncertain; probably ex-Bulgarian Army
	6	T-55M	Main battle tank	(1994)	1994	6	Ex-Bulgarian Army
	56	T-62	Main battle tank	1994	1994	56	Ex-Bulgarian Army; deal worth \$20 m
Zimbabwe	60	2B11	Mortar	(1999)	2000	60	Designation uncertain; possibly ex-Bulgarian Army

52 This register lists major weapons on order or under delivery, or for which the licence was bought and production was under way or completed during 1992–2001. 'Year(s) of deliveries' includes aggregates of all deliveries and licensed production since the beginning of the contract. Sources and methods for the data collection, and the conventions, abbreviations and acronyms used, are explained in SIPRI Yearbooks. Entries are alphabetical, by supplier, recipient and licensee.

After the end of the Cold War, Bulgaria started to export significant quantities of surplus weapons no longer required by its army, such as tanks and armoured combat vehicles, often citing international obligations, namely the 1990 CFE Treaty, as a rationale for exporting such weapons.⁵³ In 1993, for example, Bulgaria sold Angola 24 T-62 tanks and 29 surplus armoured combat vehicles (ACVs) and it delivered 21 surplus ACVs from Belarus. In 1994, Bulgaria sold 62 tanks to separatist forces in Southern Yemen⁵⁴ who deployed them during an unsuccessful civil war that year. In April 1998, the Bulgarian newspaper *Trud* announced that the Ministry of Defence was offering 200 surplus tanks for sale.⁵⁵ By the end of the year, Bulgaria had sold 140 T-55 tanks to Ethiopia and Uganda.⁵⁶ “In February 1999, Bulgaria announced that it would donate 150 tanks and 150 artillery pieces from its arsenal to the Former Yugoslav Republic of Macedonia (FYROM);”⁵⁷ and in July 2001 Bulgaria donated two Vydra landing craft to Georgia.⁵⁸ According to recent media reports, the Bulgarian Ministry of Defence is to sell 189 surplus tanks as a result of the restructuring of the Bulgarian armed forces.⁵⁹ Reportedly, modernised MiG-29 aircraft will also be sold to raise money to purchase F-16 fighters.⁶⁰ Bulgaria is believed to have earned up to \$20 million in sales of phased-out military equipment in 1999.⁶¹

Despite its international commitments to arms sale restraint, throughout the 1990s Bulgaria became increasingly implicated in arms exports to regions of conflict, particularly in Africa.⁶² An article in the *Sofia Novinar* newspaper in May 2001 shows the extent of Bulgaria’s involvement in arms exports to African countries: “Bulgarian companies are able to sell arms in Africa thanks to good contacts dating back to totalitarian times. Our arms exports amounted to \$800 million in 1988. In 1999, *Kintex* sold arms worth \$40 million to India and Algeria. *EMCO*, the leading private dealer owned by Emiliyan Gebrev, sold \$25-million-worth of arms mostly to Ethiopia and Angola. Docho Shikov’s *Bul-Air* sold arms for \$20 million to Eritrea; Rumen Hubanov’s *KAS Engineering* grossed \$15 million from transactions with Congo, Sudan and Nigeria; Nikolay Gigov’s *Delta G* had revenues of nearly \$9 million; Mikhail Liskov’s *Arsenal Corporation* sold arms for \$7–8 million to Chad and Angola, and the Ministry of Defence’s Procurement and Trade Department sold weapons for another \$3.7 million. The total for the entire industry was \$160 million.”⁶³

A report published by the UN Security Council in March 2000 states that: “the evidence collected as a result of the Panel’s own investigations overwhelmingly points towards Bulgaria as the source of origin for the majority of the arms purchased by UNITA – at least since 1997”.⁶⁴ A ‘Final Report of the Monitoring Mechanism on Angola Sanctions’ issued by the UN on 21 December 2000 provided further information on the supply of large quantities of different types of Bulgarian weapons to UNITA forces between 1996 and 1998.⁶⁵ The weapons bound for UNITA were supplied on the basis of false end-user certificates listing Togo as the country of final destination. Military equipment, worth approximately \$14 million was exported from

53 The treaty required Bulgaria and other countries in Europe to reduce inventories of certain categories of weapons. The obligation meant that the Bulgarian Government would decide whether to destroy the equipment, sell it for scrap or export it. Op cit Human Rights Watch report April 1999, www.hrw.org/reports/1999/bulgaria/, section III.

54 *SIPRI Yearbook 1995*, p 553 and United Nations Register of Conventional Arms (New York, United Nations, 1995), A/50/547.

55 Op cit Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/Bulga994-02.htm#P374_76657, p 3.

56 *Ibid.*

57 *Ibid.*

58 ‘Bulgaria donates landing craft to Georgia’, *Jane’s Defence Weekly*, 18 July 2001.

59 ‘Defence Ministry Will Also Sell Tanks’ [in Bulgarian], Mitko Shtirkov, *Sofia Demokratiya*, 2 October 2001, p 4, source: David Isenberg’s Weapons Trade Observer.

60 *Ibid.*

61 ‘Bulgaria sells phased-out equipment’, *Jane’s Defence Weekly*, 17 November 1999.

62 *Arms and conflict in Africa* (Bureau of Intelligence and Research, Bureau of Public Affairs, US State Department), July 1999.

63 ‘We are ruining our own arms trade’ [in Bulgarian], Gancho Kamenarski, *Sofia Novinar*, 9 May 2001, source: David Isenberg’s Weapons Trade Observer.

64 ‘Letter dated 10 March 2000 from the Chairman of the Security Council Committee established pursuant to resolution 864 (1993) concerning the situation in Angola addressed to the President of the Security Council (S/2000/203)’, paragraph 41. In July 2000, the Bulgarian Council of Ministers adopted a decree which implemented the UN sanctions against UNITA, prohibiting the sale or supply of arms and related material, regardless of their origin, by Bulgarian nationals and legal entities from Bulgaria to UNITA: See appendix 3, section 1.7.3.

65 The report also highlighted other sources of arms supplies to UNITA, including Romania and Ukraine. S/2000/1225; www.globalpolicy.org/security/sanction/angola/0012rprt.htm.

Bulgaria under the said end-user certificates between 1997 and 1998. The UN concluded that “there is reasonable ground to conclude that all the equipment in question exported from Bulgaria during the time period under consideration was destined for UNITA”.⁶⁶

Military equipment exported from Bulgaria to Angola under false end-user certificates between 1997 and 1998⁶⁷

Equipment	Quantity	Equipment	Quantity
Artillery and missile systems		Ammunition cont.	
ZU23-2 anti-aircraft gun	20	7.62 x 39 mm cartridge	6,000,000
122mm propelled canon (2CI)	18	5.45 x 39.5 cartridge	4,000,000
RPG-V7 anti-tank rocket	6,300	Magazine for AK47	5,000
RPG-7V anti-tank launcher	500	30mmVOG-17	25,000
STRELA-2M anti-aircraft missile	100	40mm VOG-25	25,000
STRELA-2M missile launcher	20	30mm VOG 25	5,000
Infantry		5.45 x 39.5mm round	2,000,000
RPG-7V rocket launcher	1,000	125 mm round for T-64B HE	340
82mm mortar bomb	20,000	SPG-9 anti-tank grenade launcher	200
AK47 M1 assault rifle	790	PG-9 anti-tank rocket	3,000
Ammunition		SPG-9 anti-tank grenade launcher	50
122mm round for 2CI	1,896	7.62mm machine gun PK	400
30mm round for 2A42 HE	5,000	9 x 19mm cartridges	100,000
7.62 x 54mm cartridge	2,000,000		

UN investigators collected evidence that the transfer of weapons to UNITA was made through foreign middlemen who acted on behalf of the Government of Togo⁶⁸ and shipping agents who undertook 38 flights to transport the weaponry from Burgas airport to their final destination in Africa.⁶⁹

Despite this dubious history of arms transfers to conflict regions or in violation of international embargos, new and strengthened export controls do seem to have resulted in improvements. New supplies of Bulgarian armaments, including SALW, have not been detected entering regions of conflict or countries of concern in Africa for approximately the last two years. While concerns still remain, the commitments to arms control made by the Bulgarian Government over the last few years, and the introduction of amended legislation, are promising and welcome developments.

1.5.1 Small arms and light weapons exports

In addition to the large amounts of SALW among the military equipment exported to Angola in the deals detailed above, Bulgaria has on various other occasions exported SALW to countries or regions of instability. Indeed, the Bulgarian paper, *Sofia Kapital*, admits that Bulgarian Kalashnikovs and Makarovs have in recent years “gained notoriety as weapons used by the ‘bad guys’ in countries torn by conflicts. There is evidence that on many occasions such weapons were used by terror groups”.⁷⁰

The active participation of foreign individuals acting as arms brokers or transporters played a crucial role in the procurement chain of arms deliveries to conflict regions in the 1990s. Such deals often involved the supply of SALW. In November 1999, a UK cargo charter company transported 42 tons of small arms, including IGLA surface-to-air missiles, from the Bulgarian city of Burgas to Harare in Zimbabwe. It is alleged that

⁶⁶ ‘Final Report of the Monitoring Mechanism on Angola Sanctions’, S/2000/1225, www.globalpolicy.org/security/sanction/angola/0012rprt.htm, paragraph 54.

⁶⁷ Ibid.

⁶⁸ The Bulgarian arms suppliers who exported the equipment were contracted by the firm *KAS Engineering*, registered in Gibraltar.

⁶⁹ With only one exception, the company *Air Cess*, owned by Victor Bout, was the main transporter.

⁷⁰ Op cit *Sofia Kapital*.

these arms were then transhipped to the DRC for use by Laurent Kabila's forces.⁷¹ In February 1998, the British private military company Sandline International shipped several tonnes of small arms (mainly AK-47 rifles) from Bulgaria through Nigeria to Sierra Leone, in possible violation of an existing UN arms embargo.⁷² In 1995, Peter Bleach, a former British military intelligence officer, and the British company Border Technology and Innovations Ltd, brokered the supply of hundreds of small arms and thousands of rounds of ammunition for an insurgent group in West Bengal, India.⁷³ Bleach used a complex network of trafficking agents and companies based in England, Germany, and Denmark to buy arms from Bulgaria and deliver them to India.⁷⁴

According to media reports, in 2000 Bulgaria won a contract to supply India with 300,000 Kalashnikov assault rifles,⁷⁵ and in February 2002 a Bulgarian newspaper reported that negotiations were taking place between the Asian country and the Bulgarian Ministry of Economy for the export of a range of defence products.⁷⁶ Turkey received over 1,000 Kalashnikov heavy machineguns from the Arsenal factory in Kazanluk in late 2001.⁷⁷

1.5.2 Arms fairs and exhibitions

Hemus, the International Defence Equipment Exhibition, is held in Plovdiv every two years.⁷⁸ The exhibition, which includes equipment for land, air and naval forces, as well as equipment and technologies of general use in military support activities, has been attracting the interest of foreign companies since it first opened in 1994. Around 300 companies from Austria, Bulgaria, Germany, Greece, Italy, Israel, China, Macedonia, Poland, Romania, Russia, the USA, Slovakia, Ukraine, France, the Czech Republic, Sweden, Switzerland and the Republic of South Africa took part during the first three years of the exposition.⁷⁹ More than 18,000 visitors attended Hemus 2000. Bulgarian defence companies are also well represented in exhibitions abroad (see table overleaf).

1.6 Conclusions

Bulgaria has begun to move towards improving its arms export controls. After years of inaction, the government has taken important steps to curb the trade of SALW to conflict regions, including improvements in its licensing procedures, regulations and enforcement. As a result, new supplies of Bulgarian small arms and light weapons and major weapons platforms have not been detected entering regions of conflict in Africa for approximately two years.⁸⁰ However, some areas require further work for Bulgaria to follow through on its commitments to implement stringent arms export controls. In addition to the amendments to the arms export control law, which are currently going through the legislative process, Bulgaria should consider introducing in its legislation clear criteria attaching particular importance to respect for human rights and humanitarian law, conflict prevention and development needs. Bulgaria should also continue to destroy significant portions of the country's residual arms stockpiles. An important element to help ascertain any future progress in the implementation of

⁷¹ *The Guardian*, 15 April 2000.

⁷² Some doubt exists over the intended end users of the arms, President Kabbah's forces or the forces of the Economic Community of West African States Cease-fire Monitoring Group (ECOMOG), deployed in Sierra Leone under a mandate endorsed by the international community and the actual recipient of the shipment.

⁷³ 'When Kalashnikovs rained from the sky' [in Bulgarian], Galina Aleksandrova, Yovo Nikolov, Petur Ivanov, *Sofia Kapital*, 3–9 March 2001, source: David Isenberg's Weapons Trade Observer.

⁷⁴ 'The arms fixers – controlling the brokers and shipping agents', Brian Wood and Johan Peleman, (a joint report by BASIC, NISAT and PRIO), BASIC Research Report 99.3, PRIO Report 3/99, Chapter 2, p 19.

⁷⁵ 'Nostalgia for Past Glory' [in Polish], *Warsaw Nowe Panstwo*, 31 August 2001, source: David Isenberg's Weapons Trade Observer.

⁷⁶ 'We Are Negotiating Arms Deal With India', a Report by Nevena Mircheva, *Sofia Standart News* [in Bulgarian], 19 February 2002, source: David Isenberg's Weapons Trade Observer.

⁷⁷ 'Arsenal sold Turkey 1,000 machineguns' [FBIS translated text], Evgeniy Genov, *Sofia Standart News*, 6 December 2000, source: David Isenberg's Weapons Trade Observer.

⁷⁸ The next is due to take place on 28 May–1 June 2002.

⁷⁹ www1.fair-plovdiv.com/en/Exhibitions/hemus.html.

⁸⁰ Op cit the Atlantic Council of the United States, Executive Summary ix.

Company	Arms Fair														
	Africa Aerospace & Defence	Greece	Malaysia	Defence Services Asia	France	Romania	Chile	Bulgaria	Pakistan	Turkey	Czech Republic	UAE	France	Poland	USA
	South Africa			Euro- Satory	Expomil	FIDAE	Hemus	Ideas	IDEF	IDET	IDEX	Milipol	MSPO/ IDIE		
Arcus Co			1998				2000				1999 1997				
Armimex Ltd										1999					
Arsenal Corp/JSC				2000			2000				1997	1999			
Bulgarian Acad of Sciences Institute of Metal Science							2000								
Dunarit Ltd							2000				2001				
KAS Engineering Co										2001	2001				
Kintex Share Holding Co			1996				2000		1997 1995						
Niti Kazanlak			1998				2000								
NVS Commerce Ltd							2000								
Pima Co													1997		
Terem PLC							2000		1995						
Vazovski Mashinostroitelni Zavodi – Vazov Engineering Plant										2001					
VOP-026 Sternberk sp															2001

Note: This table only provides an illustration of the companies that have attended a selection of MSP exhibitions (Military, Security, Police) between 1990 and 2001. It does not provide a totally comprehensive list of companies or exhibitions. Many companies will have attended other exhibitions and may have attended the selected exhibitions in different years.
Table provided by the Omega Foundation.

Bulgarian arms export controls will be the development of annual reporting systems to provide the public with information on deliveries of arms and dual-use goods.

Producers argue that efforts to curb arms exports have exacerbated the problems of the ailing Bulgarian defence industry and resulted in the closure of additional production lines and facilities. Several towns whose economies are heavily dependent on defence firms have been particularly affected by closures. There is certainly an urgent need to support initiatives to restructure the defence industry, reorient defence firms towards legitimate markets and, where appropriate, convert the industry to profitable civil production.

Such initiatives require political commitment and the allocation of significant resources. The government authorities are bound to face difficult challenges: arms trade practices are entrenched, incentives to export remain strong and corruption is widespread. In these circumstances, it is not surprising that the planned privatisation of the arms industry and Bulgaria's aspirations to join NATO create concerns.⁸¹ First, there is a risk that privatisation of the arms industry could further weaken export controls and reduce government accountability, unless state agencies continue to strengthen and enforce a reliable licensing system. Second, Bulgaria's aspirations to join NATO may spur new weapons purchases and increase the temptation to export surplus older weapons and those that are not NATO-compatible in exchange for badly needed hard currency.⁸²

The EU and NATO countries should recognise the progress that Bulgaria has made in restraining arms exports and also the socio-economic and political consequences that the further implementation of Bulgaria's new policies will entail. EU and NATO countries should assist Bulgaria to implement key amendments to its arms export control legislation, and to destroy its large stockpile of arms and ammunition prior to the ultimate integration of Bulgaria into NATO and the EU. More importantly, financial and technical support should be provided to help the Bulgarian defence industry's reorientation process and remove many of the economic incentives for illicit arms sales.

⁸¹ Op cit Human Rights Watch November 1999, www.hrw.org/press/1999/nov/bulgback.htm; Human Rights Watch April 1999, www.hrw.org/reports/1999/bulgaria/, section V; 'Arsenal plant exhibits weapons meeting NATO standards' [in Bulgarian], *Sofia Trud*, 31 May 2000.

⁸² 'Army to replace Kalashnikovs with NATO-type submachineguns' [FBIS translated text], Galina Aleksandrova, *Sofia Kapital*, 10 March 2001, source: David Isenberg's Weapons Trade Observer.

1.7 Appendices

1.7.1 Appendix 1

Republic of Bulgaria Thirty-seventh National Assembly

Law on the control of foreign trade activity in arms and in dual-use goods and technologies⁸³

unofficial translation

CHAPTER ONE

General Provisions

Article 1

1. The present law regulates the terms and procedure for the conducting of foreign trade activity in arms and in goods and technologies of potential dual-use and state control over these activities.
2. Goods and technologies are deemed to be of potential dual-use when they can be used for both civil and military purposes.

Article 2

The conducting of foreign trade activity pursuant to art 1 is subject to state control in order to ensure that national security and the foreign political interests of the state will be protected, international credibility and stability strengthened and the international obligations of the Republic of Bulgaria fulfilled.

Article 3

In order to ensure the attainment of the purposes referred to in art 2 the government bodies, within the scope of their competence, may directly co-operate and exchange information with the corresponding competent authorities of other states, the signing of co-operation agreements included.

Article 4

1. The state may introduce restrictions and impose bans on the execution of foreign trade activity in arms and in dual-use goods and technologies when:
 - 1) the activity contravenes the purposes referred to in art 2;
 - 2) the goods and technologies are intended or may be used for the development, production, operation, handling, maintenance, storage and dissemination of mass destruction weapons;
 - 3) the Republic of Bulgaria has acceded to international conventions on non-proliferation of the weapons or by virtue of membership in international organisations has undertaken such obligations, as well as in the event of sanctions in respect of a certain state, introduced by the Security Council of the UN.
2. The list of the arms and of the dual-use goods and technologies in respect whereof the regime to para 1 is applied, shall be established by the Council of Ministers and shall be published in the State Gazette.

CHAPTER TWO

Foreign Trade Activity in Arms Regime

Article 5

1. Foreign trade activity in arms may be solely effected by trade companies where Bulgarian equity participation exceeds 50 percent under observance of the provisions of the present law.
2. Foreign trade activity in arms is effected on the basis of a licence granted for the execution of the respective activity and a permit for every individual transaction, issued by government bodies designated by the Council of Ministers and headed by ministers.
3. The licence and permit have a certain period of validity. The scope of the licence is laid down by the body referred to in para 2.

Article 6

The requirements to be satisfied by the trade companies applying for a licence and a permit and the terms for the revocation thereof are established in the Regulation on the Implementation of the present law in accordance with the purposes referred to in art 2.

Article 7

1. Where necessary the government bodies to art 5, para 2 may request the opinion of other government bodies.
2. For the issue of licences and permits and the performance of inspections the competent government bodies may designate experts who shall give their opinion on matters requiring specialist knowledge.

⁸³ www.projects.sipri.se/expcon/natexpcon/Bulgaria/bul_law95.htm.

3. For the issue of the licences and permits state fees shall be paid in amounts established by the Council of Ministers.

Article 8

Transit transportation of arms through the territory of the Republic of Bulgaria shall be effected on the basis of a transit transportation licence wherein the customs posts, route and time of transit shall be indicated. The licence shall be issued on a case-by-case basis under the terms and procedure established in the Regulation on the Implementation of the present law.

CHAPTER THREE

Foreign Trade Activity in Dual-Use Goods and Technologies Regime

Article 9

1. Any person may carry out foreign trade activity in dual-use goods and technologies on observing the provisions of the present law and in accordance with the laws and regulations in force.
2. Foreign trade activity in dual-use goods and technologies whereon restrictions have been introduced under art 4, shall be effected on the basis of an individual transaction permit, issued by a government body designated by the Council of Ministers and headed by a minister.
3. Foreign trade activity in a certain type of goods and technologies, referred to in the List to art 4, para 2, shall be effected on the basis of a licence granted by the body to para 2. A transaction permit for this type of goods and technologies shall be issued to the licensee.
4. The licences and permits to this chapter are issued with a certain period of validity according to the terms and procedure established in the Regulation on the Implementation of the present law.

Article 10

1. For the issue of an individual transaction permit a declaration of confirmation is required from the end-user in respect of the end-use of the dual-use goods and technology.
2. For the issue of licences and permits and the performance of inspections the competent bodies may designate experts who shall give their opinion on matters requiring specialist knowledge.
3. For the issue of the licences and permits state fees shall be paid in amounts established by the Council of Ministers.

Article 11

The body pursuant to art 9, para 2 shall deny the issue of or revoke a granted licence or permit when:

- 1) the information relevant to the issuance thereof has not been submitted or the information submitted is false or incomplete;
- 2) the applicant has not complied with the terms under which the licence and permit have been granted within the established time-limit;
- 3) circumstances contravene the purposes referred to in art 2;
- 4) circumstances, envisaged by the present law, arise.

Article 12

Transit transportation of dual-use goods and technologies through the territory of the Republic of Bulgaria shall be effected on the basis of a transit transportation licence wherein the customs posts, route and time of transit shall be indicated. The permit shall be issued on a case-by-case basis according to the terms and procedure established in the Regulation on the Implementation of the present law.

Article 13

The issue of a permit for foreign trade activity in dual-use goods and technologies not listed in art 4 shall be required when the exporter or importer is aware of, could have been aware of or has been informed in writing by the relevant bodies that:

- 1) the dual-use goods and technologies may be intended, in their entirety or in part, for the development, production, handling, operation, maintenance, storage, detection or dissemination of chemical, biological or nuclear weapons or for the development, production, maintenance or storage of missiles capable of delivering chemical, biological or nuclear weapons, covered by the international agreements for the prohibition or non-proliferation of such weapons;
- 2) dual-use goods and technologies are intended for a country in respect of which the Security Council of the UN has undertaken measures for the maintenance or re-establishment of international peace and security, or in respect of a country, in whose territory military operations are being conducted or which participates in a military conflict.

CHAPTER FOUR

Obligations of the Parties to Foreign Trade Activity

Article 14

The persons engaged in foreign trade activity in arms and in goods and technologies subject to control as stipulated in the present law, are under the obligation to:

- 1) keep a separate register of the transactions effected as per the present law, and retain transaction

and transportation documents and the information related to the execution of the transaction for at least five years;

- 2) observe the terms and conditions under which this activity has been licensed, and immediately notify in writing the control bodies of any change thereof;
- 3) indicate the name, position and address of the representatives of the party to the transaction and of the end-user, in charge of the performance of the obligations to the transaction, and immediately notify of any replacement or change thereof;
- 4) inform the respective government bodies should a probability become apparent that the goods and technologies subject of foreign trade activity may be used in the way envisaged in art 13.

Article 15

Importers and exporters of arms are under the obligation to incorporate a provision in the foreign commercial contract ensuring guarantees on the part of the buyer that the purchased arms may not be transferred to third natural or juridical persons without the express consent of the importer or exporter.

Article 16

The licence and permit obtained under the present law may be used solely by the grantee thereof. The transference of the licence and permit or of rights thereof to a third party shall invalidate the said licence and permit whereas the transferor shall thereby forfeit any rights arising from them.

CHAPTER FIVE

Control on the Observance of the Foreign Trade Activity in Arms and in Dual-Use Goods and Technologies Regime

Article 17

1. The control on the performance of the obligations and terms related to the issued licence or permit under the present law is enforced by the bodies issuing the licence or permit and by other government bodies in accordance with their competence.
2. The enforcement of control includes inspections prior to and after the issue of the licence and permit for foreign trade activity under the present law.
3. In the enforcement of control the control bodies pursuant to para 1 may:
 - 1) request information necessary to the enforcement of control;
 - 2) apply to the competent organs of other states for their submission of information necessary to the enforcement of control;
 - 3) perform inspections on the observance of the obligations of the parties to the transaction and of the end-user in the event of import.
4. The control bodies are under the obligation to keep in confidence any official, production or commercial secrets of the persons undergoing inspection.
5. In the presence of information about a committed crime the government body designated by the Council of Ministers shall refer the matter to the prosecution authorities.
6. Representatives of a foreign state may participate in the enforcement of control in accordance with the international obligations of the Republic of Bulgaria assumed under international agreements or by virtue of participation in international organisations.

Article 18

A written protocol on the results of the inspection shall be prepared. On the establishment of evidence of a committed crime, the official preparing the protocol shall forward a copy thereof to the prosecution authorities.

CHAPTER SIX

Administrative-Penal Provisions and Property Sanctions

Article 19

The natural persons engaged in foreign trade activity, the representatives of the parties to the transaction and of the end-user of arms or dual-use goods and technologies shall be penalised with a fine in amounts ranging from 50,000 to 500,000 leva on failure to perform their obligations referred to in arts 14 and 15 if the perpetrated act is not a crime.

Article 20

The juridical persons engaged in foreign trade activity shall be penalised with property sanctions on failure to perform their obligations referred to in articles 14 and 15, amounting to double the total transaction value, determined on the basis of the foreign commercial transaction data.

Article 21

On non-performance of other obligations arising from the present law natural persons shall be penalised with a fine in amounts ranging from 25,000 to 250,000 leva unless they are subject to a heavier punishment, whereas juridical persons shall be penalised with a property sanction in amounts of up to 500,000 leva.

Article 22

1. The protocol on the establishment of violations is prepared by officials of the organs of control to art 17, para 1.
2. Penal decrees shall be issued by the minister in charge of the respective body to art 5, para 2 and art 9, para 2.
3. The drawing up of the protocol on the establishment of administrative violations, the imposition of administrative penalties, the appeal against and the enactment of the penal decrees shall take place as prescribed by the Law on Administrative Violations and Penalties.

Additional Provision

- §1. In exceptional events, should the state's national security or the performance of international obligations assumed by the state be jeopardised, or should the state's foreign political interests be infringed, the Council of Ministers may ban the carrying out of import, export, re-export or transit transportation of arms and dual-use goods and technologies, regardless of the issued licence and permit.

Transitional and Final Provisions

- §2. In article 5, subparagraph 3 of the Law on Economic Activity of Foreign Persons and on the Protection of Foreign Investment (publ. in the State Gazette, issue 8, 1992; amended issue 92, 1992) the words "and trade in" are replaced by the word "of".
- §3. In the Criminal Code (publ. in the State Gazette, issue 26, 1968; amended issue 29, 1968; mod. and add. issue 92, 1969, issues 26 and 27, 1973, issue 89, 1974, issue 95, 1975, issue 3, 1977, issue 54, 1978, issue 89, 1979, issue 28, 1982; amended issue 31, 1982; mod. and add. issue 44, 1984, issues 41 and 79, 1985; amended issue 80, 1985; mod. and add. issue 89, 1986; amended issue 90, 1986; amended issues 37, 91 and 99, 1989, issues 10, 31 and 81, 1990, issues 1 and 86, 1991; amended issue 90, 1991; mod. issue 105, 1991, issue 54, 1992, issue 10, 1993 and issue 50, 1995) a new article 233 is incorporated:

Article 23

1. Anyone engaged in foreign trade activity in dual-use goods and technologies without respective authorisation shall be penalised with imprisonment of up to six years and with a fine to the amount of up to 500,000 leva.
 2. For particularly serious offences, referred to in para 1, the penalty shall be imprisonment from three to eight years and a fine to the amount of up to 1 million leva.
 3. For minor offences, referred to in para 1, the penalty shall be a fine to the amount of up to 50,000 leva.
 4. The dual-use goods constituting the subject of the crime shall be seized on behalf of the state irrespective of the fact whose property they are, or in the event of a lack or alienation thereof their equal value determined as per the foreign commercial contract shall be adjudged.
- §4. The present law shall enter into force two months after its publication in the State Gazette.
- §5. The implementation of the present law is assigned to the Council of Ministers that adopts a regulation on its implementation within one month of its entry into force.

This law was passed by the XXXVII National Assembly this 8th day of November, in the year 1995 and the State Seal was affixed thereto.

1.7.2 Appendix 2

Regulation on implementation of the Law for Foreign Trade Activity in Arms and in dual-use Goods and Technologies (SG 102/95)⁸⁴**CHAPTER ONE****Foreign trade activity in arms**

SECTION I: General provisions

Article 1. (1) Foreign trade activity in arms shall be effected by trade companies where Bulgarian equity participation exceeds 50 percent and which have been granted a licence for such activity by the Interdepartmental Council on the issues of the military-industrial complex and the mobilisation convenience of the country, called hereinafter “the Interdepartmental Council”.

(2) The licence for foreign trade activity in arms shall be issued with a term of validity up to 1 year.

(3) The licence of para 1 shall be possible to be full and limited with regard to the implemented activities and the country end-user.

Article 2. The companies which have been granted a licence referred to in art 1, shall carry out transactions with arms on the basis of a permit issued by the commission for control and permission of foreign trade transactions with arms and with dual-use goods and technologies at the Ministry of Commerce and Foreign Economic Cooperation, called hereinafter “the commission”. The permit shall be issued for a definite term.

Article 3. To acquire a licence for foreign trade activity in arms and of a permit for a transaction fees shall be paid to the extent determined by the Council of Ministers. At revocation of the licence and/or the permit the fees paid shall not be subject to redeeming.

SECTION II: Licence for foreign trade activity in arms

Article 4. The trade companies referred to in art 1 applying for a licence, shall present at the Interdepartmental Council:

1. application (explanatory note);
2. court certificate about the circumstances entered into the trade register, containing all the changes of these circumstances following the entering;
3. a document from the Ministry of Internal Affairs that the applicant has created conditions and the necessary organisation for:
 - a) foreign trade activity in arms according to the requirements of the Law for Control on the Explosive Substances, Arms and Ammunitions;
 - b) work with secret documents and protection of state secret according to the requirements of the legal acts in effect;
4. a list of the individuals who are directly involved in this activity, accompanied with biography and CV information, a certificate about the court record and a sample of the signature;
5. a document for fees paid;
6. a copy of the documents certifying the tax registration and the registration at the National Statistics Institute (code BULSTAT).

Article 5. The Interdepartmental Council shall consider the submitted applications in 30 days term after the date of applying. The decision to grant a licence or the refusal shall be announced to the applicant in seven days term after the date of taking the decision.

Article 6. The Interdepartmental Council shall notify within five working days the Ministry of Internal Affairs, the Ministry of Finance General Customs Directorate and the commission for the issued and renewed licences.

SECTION III: Permit for foreign trade transaction with arms

Article 7. (1) A permit for foreign trade transaction with arms shall only be given to the trade companies referred to in art 1 that have been granted a licence for such activity.

(2) The commission shall consider the submitted applications for permit of particular foreign trade transactions in 15 days term after the date of applying. The permit or the refusal shall be announced to the applicant in seven days term after the date of taking the decision.

(3) If a transaction permitted under the regulations of this chapter is not implemented within the allotted term, the applicant shall be able to appeal by a motivated written claim for an extension of the term 15 days before its expiry, pointing out the part of the unrealised quantities.

Article 8. (1) The participation of trade companies in international tenders for export or re-export shall be permitted by the commission.

(2) The trade companies shall submit a written application, accompanied with an invitation for participation in the tender.

Article 9. Within five working days the commission shall inform the bodies of the Ministry of Finance General Customs Directorate and the Ministry of Internal Affairs about the permits which term has been extended or has expired.

A. Import

Article 10. (1) The import of arms shall be carried out on the basis of a permit for import, issued by the commission.

(2) The permit for import shall be valid 180 days from the date of issuing or for the period pointed out in the contract term of delivery which cannot be longer than the term of the issued licence to art 1

Article 11. (1) For import of arms the licensed company shall submit to the commission the following documents:

- a. a letter-application about the transaction for import where the terms and the prices of the deal are pointed out;
- b. a filled-in form permit for import according to appendix No 1 in 4 copies;
- c. a copy and a Bulgarian translation of a document, issued by a competent body of the country where the selling company is registered, that the said company has a permit to trade with arms;
- d. a written declaration by the importer and a written declaration by the end-user that the imported arms will not be re-exported or transferred to third individuals or corporate bodies without the permit of the competent Bulgarian bodies and that it would be used observing the Bulgarian laws in effect.

(2) To acquire a permit for: temporary import of arms in the Republic of Bulgaria with a reverse export abroad in a changed status (TI) code 7 (according to Instruction No 2 of the Ministry of Finance of 1992); temporary import of arms in the Republic of Bulgaria with reverse export abroad in an unchanged status (TI) code 8, and for reverse export of arms (RE) code 4, shall be filled in a permit for temporary import according to appendix No 2 and a permit for reverse export according to appendix No 2a.

(3) The permit for import shall be presented by the importer at the corresponding customs department together with the bill of entry, filled-in according to the instructions in appendix No 3.

(4) The import shall be verified by a copy of the bill of entry, certified by the customs department, filled-in according to the instructions in appendix No 3, and a permit for import according to appendix No 1 where under each separate shipment are filled in the number and the date of the customs manifest and the number and the date of the bill of entry.

(5) The commission shall be able to refuse issuing a permit for import of arms in case that a Bulgarian producer is able to produce arms of the same or similar technical characteristics, quality and price.

Article 12. In case the seller requires from the Bulgarian buyer a certificate for end-user, the buyer shall present a certificate, filled-in according to the requirements contracted between the two parties, signed and stamped by the buyer (user) and certified as follows:

1. by the Ministry of Defence in case that the goods are designated for the same ministry or for the forces of the other departments;
2. by the Ministry of Industry in case that the goods are designated for the production activity of the trade companies;
3. by the Ministry of Internal Affairs in case that the goods are designated for the same ministry or for security needs of banks, companies and other departments.

B. Export and re-export

Article 13. The export or the re-export of arms shall be executed on the basis of permits issued by the commission.

Article 14. (1) To acquire of permit for export the exporter shall present at the commission for each transaction the following documents:

- a) a filled-in sample permit according to appendix No 4;
- b) a copy and a Bulgarian translation of a document, issued by a competent body from the country of the foreign contractor importer that the same contractor has a permit to trade with arms;
- c) a copy and a Bulgarian translation of the certificate for end-user, issued by the competent bodies of the country user.

(2) The original of the certificate shall be safe-kept by the exporter till the end of the transaction after which it shall be sent to the commission for safe-keeping.

(3) To acquire a permit for: temporary export of arms abroad with its reversion in the Republic of Bulgaria in changed status (THE) code 2 (according to Instruction No 2 of the Ministry of Finance of 1992); temporary export of arms abroad with its reversion in the Republic of Bulgaria in unchanged status (THE) code 3, and reverse import (RI) code 9, shall be filled in a permit for temporary export according to appendix No 5 and a permit for reverse import according to appendix No 5a.

Article 15. (1) The exporter shall be obliged to include in the foreign trade contract a clause ensuring guarantees on behalf of the buyer that the bought arms will not be re-exported.

(2) In case that the contract for export is not concluded directly with the Ministry of Defence or with the Ministry of Internal Affairs of the corresponding country importer but through a middle-man, the clause of paragraph 1 in the sale contract shall also be included in the certificate for end-user, issued by the competent body of the country user.

(3) After receiving of permit for a particular transaction changes of the conditions of the transaction shall be possible to be made with the consent of the commission.

Article 16. The permit for export shall be valid 180 days after the date of issue or for the period of delivery pointed out in the contract which cannot be longer than the term of the issued general licence referred to in article 1.

Article 17. The commission shall submit information about the issued permits to the General Customs Directorate and to other departments according their competence.

Article 18. Re-export of arms shall be executed on the basis of a permit for re-export. To acquire a permit for re-export the following documents shall be enclosed:

- a) a filled-in sample permit for re-export according to appendix No 6;
- b) a certificate for end-user of the arms;
- c) a copy of the foreign contract with a clause included about non admitting of re-export without the written consent of the commission;
- d) a permit for re-export by the competent bodies of the state of the initial supplier.

Article 19. (1) The permit for export or re-export shall be presented by the exporter at the corresponding customs department together with the customs declaration for export or re-export, filled-in according to the instructions in appendix No 7. (2) The export or the re-export shall be certified with certified copy of the customs declaration for export, certified by the customs department, filled-in according to the instructions in appendix No 7 and the permit for export (appendix No 4) or for re-export (appendix No 6), where shall be entered under each separate shipment the number and the data of the customs manifest and the number and the data of the bill of export.

C. *Permit for transit transportation*

Article 20. (1) A transit transportation of arms shall be executed on the basis of a permit for transit transportation. For issuing a permit for transit transportation the following documents shall be presented:

- a) a filled-in permit for transit transportation according to appendix No 12;
 - b) a permit for transit transportation through the territory of the state following the Republic of Bulgaria along the route of the transit transportation, issued by the competent bodies.
- (2) The documents shall be worked out by the sender of the goods or by an official empowered by him and they shall be presented at the commission not later than 15 days before the entering of the goods on the territory of the Republic of Bulgaria.
- (3) The permission or the refusal shall be announced to the applicant no more than ten days after the date of submitting the documents.
- (4) The permit shall be valid under the conditions and till the expiry of the term pointed out in it but not later than ten days for automobile transport and 15 days for railroad transport.
- (5) The outgoing customs department within ten working days after the certification of the transit transportation shall send one copy of the permit certified by them to the commission and to the General Customs Directorate.

SECTION IV: Submission of information

Article 21. The trade companies of art 1 shall be obliged at request of information by the inter-departmental council or by the commission to present:

- a) data about the employees processing the transactions;
- b) a copy of the commercial contract with the foreign partner middleman, forwarding agent, carrier, end-user or producer;
- c) a copy of the concluded commercial contract with the Bulgarian producer or user about the request made for import/export;
- d) data (technical characteristics) and description of the technologies and goods subject to the foreign trade transaction;
- e) data about the terms of payment and bank guarantees;
- f) information about the foreign trade transaction and their realisation with regard to the permits given;
- g) by the decision of the commission it may also require other information which relevant to the foreign trade transaction.

Article 22. At request for permission for import of equipment, materials and parts for introduction of technologies in the Republic of Bulgaria for production of arms, the applicant shall be obliged to present technical specifications and technological documentation, including data referring to the conditions for utilisation of the technology.

Article 23. If the acquired licensed rights or technologies for production of arms are not used or are not used as intended, or if their use is terminated, the end-user in the Republic of Bulgaria shall be obliged to notify the commission about that.

Article 24. (1) The information that has been submitted to the Interdepartmental Council and the commission, which is required for issuing the corresponding permits and is not included in the list of facts, data and subjects constituting state secret of the Republic of Bulgaria, shall comprise an official, trade and production secret and shall not be subject to dissemination or submission for use by Bulgarian or foreign individuals or corporate bodies.

(2) The information of paragraph 1 shall be submitted through secret channels.

Article 25. After the customs processing of the last shipment with which the permitted quantity of the permit for export is depleted, import or re-export, the trade company, subject to the foreign trade transaction, shall send in seven working days term the original of the permit to the commission.

CHAPTER TWO

Foreign trade activity in dual-use goods and technologies

SECTION I: General provisions

Article 26. (1) The foreign trade activity in such goods and technologies as: nuclear materials, nuclear-related equipment and technologies with potential application in the field of nuclear arms; initial chemical compounds, equipment and technologies with potential application in the field of chemical weapons; initial elements, equipment and technologies with potential application in the field of biological weapons and technologies with potential application in the field of rocket carriers of chemical, biological and nuclear weapons, subject to restrictions referred to in art 4, paragraph 2 of the law, shall be executed on the basis of a licence issued by the Interdepartmental Council after an assessment that the objectives of art 2 of the law would not be affected. A permit for a transaction with this kind of goods and technologies shall be issued by the commission to an applicant who has an issued licence.

(2) The permission or the refusal to be issued a licence shall be executed by the Interdepartmental Council on the basis of the information submitted and after consultations with other departments according to their competence. The permit or the refusal shall be announced to the applicant in 30 days term after the submission of the application.

Article 27. (1) Foreign trade activity with goods and technologies shall be executed on the basis of a permit for a transaction, issued by the commission.

(2) The permit for import, for re-export and for transit transportation or the refusal a permit to issued shall be announced to the applicant within the following terms:

1. up to ten days from the date of submitting the documents in the cases of an issued licence as referred to in art 26;
2. up to 30 days from the date of submitting the documents in the rest of the cases.

(3) The permit for import, export and re-export shall be valid under the conditions and until the expiry of the term of the shipment pointed out but not more than:

1. 180 days in the cases and within the terms of validity of an issued licence referred to in art 26;
2. 90 days in the rest of the cases.

(4) The applicant shall in due time inform the commission about all the changes in the terms of the transaction. In case of significant changes the issued permit shall be repealed and a new permit shall be issued according to the general proceedings.

(5) By the decision of the commission it may also require another information related to the foreign trade deal.

SECTION II: Provisions and proceedings for issuing a licence

Article 28. (1) A licence for execution of foreign trade activity in goods and technologies shall be issued with a term of validity up to one year.

(2) To acquire a licence it shall be necessary to submit to the Interdepartmental Council the following documents:

- a) a court certificate about the circumstances entered in the trade register, containing all the changes following the entry and BULSTAT (as an original or a copy, certified with a fresh stamp of the applicant);
- b) information about fulfilled tax duties;
- c) a document of the Ministry of Internal Affairs, the Committee for Peaceful Use of Nuclear Energy or other competent body pointed out by the commission that the applicant has created conditions and the necessary organisation for work with the specified type of goods and/or technology.

SECTION III: Permit for a particular transaction

A. Import

Article 29. (1) Import of goods and technologies shall be executed on the basis of a permit for import. To acquire a permit for import the following documents shall be presented:

1. a filled-in permit according to appendix No 8 and an application about the end-user according to the sample of appendix No 9;
2. a court certificate about the circumstances entered in the trade register, containing all the changes of these circumstances following the entry, tax registration and BULSTAT (as an original or an official certified copy of the applicant) in the cases when no licence is required under art 26.

(2) The commission shall send a copy of the issued permit and application to the end-user, to General Customs Directorate and to the Ministry of Internal Affairs.

(3) The applicant shall be obliged at releasing the shipment to present at the corresponding customs offices a filled-in certificate about the implemented supply according to appendix No 10. The certificate about the delivery carried out shall be issued by the customs office in confirmation

of the fact that the goods pointed out in it have been delivered to the Republic of Bulgaria.

(4) Within ten working days after filing the import General Customs Directorate shall send to the commission one copy of the certificate about delivery carried out together with a copy of the bill of entry.

B. Export

Article 30. (1) Export of goods and technologies shall be executed on the basis of a permit for export. To acquire a permit for export the following documents shall be presented:

a filled-in permit for export according to appendix No 11;

- a) a certificate for end-user of the goods and/or the technology where the end-user shall point out for what purpose and where the goods and/or the technology would be used;
- b) a permit for import by the authorities of the state of the end-user, including non-admittance of re-export without the written consent of the commission;
- c) a court certificate about the circumstances entered in the trade register containing all the changes following the entry, a tax registration and BULSTAT (as an original or an official certified copy of the applicant) in the cases when the licence of art 26 is not required.

(2) At necessity the permit for export shall be issued after co-ordination with the Ministry of Internal Affairs and with other departments according to the conceded competence in compliance with art 2 of the law.

(3) The commission shall send a copy of the permit to General Customs Directorate and to the Ministry of Internal Affairs.

(4) Within ten working days after the date of filing the export General Customs Directorate shall send to the commission a copy of the bill of export.

(5) The applicant shall present to the commission a certificate for delivery carried out or an equivalent document by the end-user, confirming the release of the goods and/or the technology from the customs of the end-user at latest three months after the date of entry.

C. Re-export

Article 31. (1) Re-export of goods and technologies shall be executed on the basis of a permit for re-export. To acquire a permit for re-export the following documents shall be presented:

filled-in permits for import and export according to appendix No 8 and appendix No 11;

- a) a certificate of end-user of the goods and/or technology where the end-user points out for what purpose and where the goods and/or the technology would be used;
- b) a permit for import by the competent bodies of the state of the end-user, including non-admittance of re-export without the written consent of the commission;
- c) a permit for re-export by the competent bodies of the state initial supplier;
- d) a court certificate about the circumstances entered in the trade register, containing all the changes of the circumstances following the entry, tax registration and BULSTAT (as an original or a copy certified with a fresh stamp of the applicant) in the cases when no licence of article 26 is required.

(2) The commission shall send a copy of the permit to General Customs Directorate and to the Ministry of Internal Affairs.

(3) Within ten working days term after the date of filing the re-export General Customs Directorate shall send to the commission a copy of the bill of export.

(4) The applicant shall be obliged to present to the commission a certificate for delivery carried out or an equivalent document by the end-user confirming the release of the goods and/or technology from the customs of the country of the end-user at latest three months after the date if its entry.

D. Change of the end-user on the territory of the Republic of Bulgaria

Article 32. (1) The change of the end-user of goods and/or technology on the territory of the Republic of Bulgaria shall be executed on the basis of a permit for change of the end-user. For issuing a permit for change of the end-user the following documents shall be presented:

- a) a filled-in permit by the end-user according to appendix No 9;
- b) a court certificate about the circumstances entered in the trade register containing all the changes of the circumstances following the entry, tax registration and BULSTAT (as an original or an official certified copy of the applicant) in the cases when no licence of article 26 is required.

(2) The permission or the refusal shall be decided by the commission on the basis of the presented information and the results of the consultations with other departments according to their competence.

(3) The permission or the refusal shall be announced to the applicant within five working days from the date of submitting the documents.

(4) The permit shall be valid under the conditions and till the expiry of the term of the supply pointed out in it but not more than three months.

(5) The commission shall send through official channels a copy of the issued permit to the General Customs Directorate and to the Ministry of Internal Affairs.

SECTION IV: Permit for transit transportation

Article 33. (1) Transit transportation of goods as: radioactive, explosive, inflammable, oxidising, toxic, infectious and corrosive substances, shall be executed on the basis of a permit for transit transportation. For issuing a permit for transit transportation the following documents shall be presented:

a filled-in permit for transit transportation according to appendix No 12;

- 1) a permit for transit transportation through the territory of the state following the Republic of Bulgaria on the route of the transit transportation, issued by the corresponding competent bodies.
- 2) The documents shall be prepared by the sender of the goods or by an official empowered by him and shall be presented to the commission at latest 15 days before the entry of the goods on the territory of the Republic of Bulgaria.
- 3) The permit or the refusal shall be announced to the applicant within ten days after the date of submitting the documents.
- 4) The permit shall be valid under the conditions and till the expiry of the term pointed out in it but not more than ten days for automobile transport and 15 days for railway transport.
- 5) Within ten working days after the date of certifying the transit transportation the customs department of exit shall send one copy of the permit certified by it to the commission and to General Customs Directorate.

Article 34. (1) At execution of transit transportation of goods apart from the cases of article 33 an application for transit transportation shall be filled-in according to appendix No 13.

(2) The application of paragraph 1 shall be presented to the customs departments of entry and exit on the territory of the Republic of Bulgaria where its certification shall take place.

(3) Within ten working days after the date of certifying the transit transportation the customs department at exit shall send one copy of the certified permit to the commission and to the General Customs Directorate.

CHAPTER THREE

Provisions for revocation of issued licences and permits for foreign trade transactions

Article 35. (1) An issued licence for foreign trade activity in arms and in dual-use goods and technologies and an issued permit for a particular transaction may be revoked respectively by the Interdepartmental Council and the commission in case that:

- a) the particular requirements or the activity within the framework of the issued licence and permits for specific transaction do not comply with the requirements of the legislation of the Republic of Bulgaria and with the obligations taken by it in international agreements or ensuing from its membership in international organisations;
- b) the foreign trade transactions with goods and technologies do not ensure protection of the national security and the foreign policy interests of the country and the strengthening of international confidence and stability;
- c) the applicant has presented incorrect or incomplete data;
- d) the activity does not coincide with the issued permit;
- e) the applicant violates the requirements of article 4 of the Law on Control of Foreign Trade Activity in Arms and in Dual-use Goods and Technologies and of this regulation.

(2) The decision of the Interdepartmental Council and of the commission for revocation of the licence and/or the permit shall not be subject to appeal against.

CHAPTER FOUR

Check of the empowered body

Article 36. The Interdepartmental Council, the commission and the General Customs Directorate shall have the right to check the fulfilment on behalf of the Bulgarian party the obligations in the transaction, ensuing from the regulation and the international agreements concerning the trade with arms and with dual-use goods and technologies.

Article 37. The Interdepartmental Council, the commission and the General Customs Directorate shall have the right to attract authorised specialists from other countries for implementing the procedure of control in compliance with obligations assumed by the Republic of Bulgaria in international agreements.

Article 38. The Interdepartmental Council and the commission shall have the right to require a confirmation receipt of goods subject to the export through the official representatives of the Republic of Bulgaria in the country of the end-user.

Additional provisions

- § 1. "Arms" are articles, activities and services, included in the list of article 4, paragraph 2 of the law.
- § 2. (1) The transportation of arms, dual-use goods and technologies to and from the territory of the Republic of Bulgaria respectively to Bulgarian border customs departments of exit or entry may be executed by Bulgarian or foreign transport companies.

- (2) The Bulgarian carriers shall be able to execute this activity only if they have received a licence by the interdepartmental council.
- (3) The licence for transportation of arms and of dual-use goods and technologies shall be issued for one year.
- (4) The foreign carriers or the companies using foreign carriers shall present documentation for registration and a certificate for suitability of the transport means by which the transportation of arms and dual-use goods and technologies will be carried out.
- (5) Bulgarian carriers as referred to in article 2 may execute transportation services in arms, respectively in dual-use goods and technologies to and from the territories of third countries after receiving a permit from the commission for each individual case, in coordination with the Ministry of Transport. Such a permit shall be required regardless of whether a person licensed under the stipulations of this regulation participates in the foreign trade transaction with arms, respectively with dual-use goods and technologies.
- (6) For execution of transportation services on the territory of the country while carrying out foreign trade transactions, permitted by the commission, the bodies of the Ministry of Internal Affairs issue a permit for transportation and perform control according to their competence in compliance with respective legal acts.
- § 3. (1) The Bulgarian transport companies applying to receive a licence shall present to the Interdepartmental Council the following documents:
an application;
a) a court certificate for registration of the company (firm);
b) a permit by the Ministry of Transport for transportation of arms and dual-use goods and technologies;
c) a document by the State Inspectorate of Shipping, State Automobile Inspectorate, State Railway Inspectorate and by the State Aviation Inspectorate, certifying the suitability of the transport means to carry arms and goods with potential dual use;
d) a document from the Ministry of Internal Affairs that the applicant is able to execute such transport services;
e) a copy of the documents, certifying the tax registration and the registration at the National Statistics Institute;
f) a document for fees paid.
- (2) The licence issued by the Interdepartmental Council or the refusal to be issued a licence shall be announced within 30 days after the date of submitting the application.
- (3) Within five working days the Interdepartmental Council shall notify the commission, the Ministry of Transport, the Ministry of Internal Affairs and General Customs Directorate about the licences issued or renewed.
- § 4. (1) In the cases as referred to in § 2, article 5 of the Additional Provisions Bulgarian carriers that apply to receive a permit shall present to the commission the following documents:
a) an application;
b) a filled-in permit form according to appendix No 8 and No 11 for transportation of dual-use goods and technologies;
c) a copy of the contract for transportation;
d) a permit for export issued by the competent bodies of the country of the seller;
e) a permit for import issued by the country of the buyer or the end-user;
- (2) The permit issued by the commission or the refusal shall be announced within a 15 days term from the date of applying.
- (3) Within five working days the commission shall notify the Ministry of Transport about issued or renewed licences.
- § 5. The Ministry of Transport shall store information and perform control on Bulgarian carriers that have received a licence from the Interdepartmental Council and a permit from the Commission for Transportation in Transactions with Arms or with Dual-use Goods and Technologies, in accordance with § 2 of the Additional Provisions.
- Transitional and final provisions
- § 6. The effect of the licence and the permits issued before the regulation enters into force shall continue till the expiry of their validity and the contracts for transportation, concluded in connection with foreign trade activity in arms and dual-use goods and technologies till their termination.
- § 7. The regulation shall enter into force on the day of its promulgation in the State Gazette.

1.7.3 Appendix 3 **DECREE No 91 of 9 April 2001**

On the Approval of a List of Countries and Organisations with regard to which Bulgaria, in accordance with Resolutions of the United Nations Security Council and with Decisions of the European Union and the Organisation for Security and Cooperation in Europe, applies Prohibition or Restrictions on the Sale and Supply of Arms and Related Materiel

The council of ministers has decreed:

Article 1.

Approves the annexed list of countries and organisations with regard to which the Republic of Bulgaria, in accordance with Resolutions of the United Nations Security Council and with Decisions of the European Union (EU) and the Organisation for Security and Cooperation in Europe (OSCE), applies prohibition or restrictions on the sale and supply of arms and related materiel of all types, including weapons and ammunition, military vehicles, equipment and spare parts for the aforementioned, whether or not originating in the territory of Bulgaria, as well as on the provision of military assistance and training of military personnel.

Article 2.

The prohibitions and the restrictions under art 1 do not apply to the exceptions, which are contained in the respective Decisions of the International Organisations as indicated in the annexed list.

Article 3.

The Minister of Foreign Affairs shall submit to the Council of Ministers a timely update to the list under art 1 in case of changes in the international commitments of the Republic of Bulgaria.

Article 4.

The Inter-ministerial Council on the Military-Industrial Complex and Mobilisation Convenience of the Republic of Bulgaria upon a motivated proposal by the Minister of Foreign Affairs, related to the foreign policy priorities of the country and its participation in the Wassenaar Arrangement, shall propose to the Council of Ministers the introduction of additional restrictions on the activities, specified in art 1 towards states and organisations that are not included in the list pursuant to article 1.

Article 5.

- (1) In case of non-compliance with the prohibitions and the restrictions under article 1 and article 4, unless this non-compliance constitutes a crime, administrative-penal liability shall be borne by the violators pursuant to article 32, paragraph 1 of the Administrative Violations and Sanctions Act.
- (2) In case of violations under the aforementioned paragraph by a legal entity or by a private entrepreneur, a penalty of a fine up to 100,000 leva shall be imposed.
- (3) The establishment of violations, the drawing up of statements, the issuance, the appeal and the execution of the penal orders shall be carried out in conformity with the provisions of the Administrative Violations and Sanctions Act.

Transitional and final provisions

1. The control over the implementation of the present decree shall be exercised by the Inter-ministerial Council on the Military-Industrial Complex and Mobilisation Convenience of the Republic of Bulgaria at the Council of Ministers, the Minister of Economy, the Minister of Defence, the Minister of Finance, the Minister of Foreign Affairs, the Minister of Interior, the Minister of Transport and Telecommunications as well as the Governor of the Bulgarian National Bank.
2. The decree shall enter into force on the day of its promulgation in the State Gazette of the Republic of Bulgaria.

Prime Minister Ivan Kostov

Chief Secretary of the Council of Ministers Eliana Masseva

1.7.4 Appendix 4 List of Bulgarian arms companies and the cities where they are located.⁸⁵

Arcus – Lyaskovets
Arsenal – Kazanlak
Beta – Cherven Bryag
Bitova Elektronika – Veliko Tarnovo
David Holding Company – Kazanluk
Dunarit – Ruse
Elektron Prograss – Sofia
Elta-R Co – Sofia
Germanos Batteries, AXxon Bulgaria Ltd – Sofia
Impulse – Gabrovo
Kiril Kolikov ET – Plovdiv
kpz – Zareva Livada
Metalik – village of Gabene, Gabrovo District
Mechanics and Assembly – Sevlievo
Monbat sa – Sofia
Mussala – Samokov
NITI – Kazanlak
Opticoelectron – Panagyurishte
Pirel – Gotse Delchev
Samel-90 – Samokov
Strouma – Sandanski
Teletek 90 Ltd – Sofia
TEREM Plc – Sofia
TREMA – Tryavna
Tcherno More – Varna
vmz – Sopot

⁸⁵ Op cit the Atlantic Council of the United States, appendix B, p 6. Catalogue of exhibitors, HEMUS 2000 exhibition, Plovdiv, Bulgaria, 30 May–3 June 2000.

1.7.5 Appendix 5

**Statement by Ambassador Vassiliy Takev⁸⁶
Deputy-Minister of Foreign Affairs of the Republic of Bulgaria and
Head of the Delegation**

**at the United Nations Conference on Illicit Trade in Small Arms and Light
Weapons in All Its Aspects**

New York, July 12, 2001

Mr President,

Allow me at the outset to congratulate Ambassador Camillo Reyes on the assumption of the presidency of this important forum. On behalf of the Bulgarian delegation I wish him every success in the demanding and challenging tasks of the conference. Let me equally pay tribute to you Ambassador Donowaki as Chair of the high level segment and to Sir Michael Weston for the efforts to ensure a compromise necessary for the success of this forum.

We highly estimate the constructive contribution of the distinguished Ambassador Dos Santos and the professional support of the Secretariat in advancing the work of the Preparatory Committee.

Bulgaria associates itself and fully supports the position expressed by the distinguished representative of Belgium, on behalf of the European Union, in which the problems of illicit trade in SALW were addressed in a comprehensive way.

Mr President,

I would like to highlight some issues of particular importance for my country.

The excessive and destabilising accumulation as well as the illicit trafficking of SALW exacerbate the ethnic and political violence, bring about human casualties and sufferings, undermine the efforts of post-conflict rehabilitation. These problems have unfolded in the last years on the South Eastern European security agenda as well. We can't but express our deep concern of the threat they pose and the severe consequences that may spread out in the whole region.

The illicit trade in SALW fuels the international organised crime and creates a wide range of social, economic and humanitarian problems. We highly value the conviction of regional and sub-regional organisations to undertake measures against this challenge to the whole international community. The OSCE document on SALW, the Bamako Declaration, the Inter-American Firearms Convention, the Brasilia Declaration from November 2000, the practical actions of the EU and NATO/EAPC are positive impulses paving the way for global action in this field.

Acknowledging the urgent need for collective international efforts, Bulgaria considers the United Nations Conference on the Illicit Trade in SALW in all its aspects as a timely and important event, generated by the new vision and the new approaches to the contemporary realities and by the higher level of regional cooperation and international consensus. The subject and the scope of the conference provide for a unique opportunity to develop an overall global approach towards the multifaceted aspects of the illicit trade in SALW.

The complexity of the issue requires an integrated and holistic spectrum of measures designed to address manufacturing and implementation of an effective regime of export control marking and tracing, security and safe management of stockpiles, destruction of excess aims, enforcement of arms embargo, organised crime, border control, disarmament, demobilisation and reintegration. We believe that these measures should be synergetic and coherent, without unnecessary duplication of efforts at national, sub-regional, regional and global level.

Within the context of the Bulgarian national priorities, as a country conducting accession negotiations with the EU, Bulgaria adheres to a responsible national policy and will further contribute to the efforts of the international community in preventing and combating the illicit trade in SALW in all its aspects.

We think that illicit arms transfers to irresponsible end-users should be addressed through improvements in export and import controls and strict enforcement of United Nations Security Council (UNSC) embargoes. In this regard, Bulgaria has introduced a robust system of export control of foreign trade activities in arms and dual-use goods and technologies corresponding to the highest existing international standards. A most recent example to this end is the decree adopted by the Bulgarian Government in April this year, establishing a consolidated list of countries and organisations to which the Republic of Bulgaria applies prohibitions or restrictions on the sale and supply of arms and related equipment in accordance with UNSC resolutions and decisions of the EU and the OSCE.

Bulgaria has aligned itself to the criteria and principles contained in the EU Code of Conduct on Arms Exports and to the EU Joint Action on Small Arms and Light Weapons of December 1998. Our country abides by the provisions of the ECOWAS moratorium on small arms transfers. In accordance with our international commitments and the Programme for Restructuring of the

Bulgarian Armed Forces the Ministry of Defence has already started projects for destruction of SALW surplus. We are in a close cooperation with a number of partners such as the USA, Canada, Great Britain, Norway, the Netherlands and others on a whole range of stockpile management and destruction of SALW issues.

Further to these steps, Bulgaria actively promotes regional co-operation in South Eastern Europe.

In December 1999, under the auspices of the Stability Pact for Southeastern Europe and with the support of the US Government, Bulgaria initiated and hosted a Regional Conference on Export Controls in which 12 countries from South Eastern and Central Europe participated. The conference adopted two documents of particular importance – a Joint Declaration on Responsible Arms Transfers and a Statement on Harmonisation of End-use/End-user Certificates. Enhancing the national export control systems according to the European standards and strengthening the process of regional co-operation in the area of prevention of illicit arms trafficking and export control on arms and dual-use good and technology these documents are a valuable contribution to regional stability in South Eastern Europe.

As co-chair of Sub-table 3 (security issues) of the Stability Pact, in October 2000, Sofia hosted a Stability Pact Seminar jointly organised with Canada. The seminar focused on practical aspects and needs of SALW collection and destruction techniques in the region of South Eastern Europe. Our technological capacities and the potential to become a regional centre for SALW destruction were positively assessed by the participants in the seminar.

We commend the activities in the framework of NATO/EAPC/PfP ad hoc working group on SALW in which Bulgaria participates. The expertise gained and the emphasis on the practical character of the Group's Initiatives make it a useful coordination body for the realisation of the efforts to combat the illicit trade and the destabilising accumulation of SALW in the EAPC area.

Bulgaria regards the November 2000 OSCE Document on SALW as a practical step and a valuable input to the elaboration of a meaningful and robust UN programme of action. Bulgaria has undertaken all necessary measures for the implementation of the principles, the standards and the criteria of this document.

We consider as well the "UN Vienna process" – the adoption and the accession to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition, supplementing the UN Convention against Transnational Organised Crime a substantial part in the global efforts to prevent and combat the illicit trade in SALW.

On behalf of my government I would like to acknowledge the leading role of the United Nations in the efforts to combat the illicit trade in SALW. In this context, the extensive work done by the UN Panels of Governmental Experts on Small Arms have provided a solid basis for a successful outcome of this conference. We are glad that Bulgaria has participated in their work with its own expertise.

We also highly value the personal involvement of the secretary-general and his contribution in raising the global awareness of the gravity of the issue.

Mr President,

It is our belief that all participating countries, in a spirit of constructiveness and compromise, will take advantage of this important world forum to transfer the momentum already generated within the international community into a widely acceptable, effective and practical programme of action to prevent, combat and eradicate the illicit trade in SALW in all its aspects.

We wish you, Mr President, all success in achieving this noble goal.

Saferworld's research project on arms and security in EU Associate Countries

This chapter is part of a wider Saferworld report, entitled *Arms production, exports and decision making in Central and Eastern Europe* concerned with seven EU associate countries, namely: Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. The report analyses the role of each country in the regional and international arms trade, including destinations, transit routes and end-users of concern; it also examines the progress achieved in strengthening legal controls and their actual implementation.

The complete report can be purchased for GBP 20 including postage and packaging. For further information please contact: general@saferworld.org.uk or www.saferworld.org.uk