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CEE Regulatory Overview: Defence and National Security

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Introduction

Europe is responding to growing security challenges and shifting dynamics in the international order by bolstering its defence capabilities. The European Commission's (EC) Comparative overview for European Defence Readiness 2030 sets the stage for a future where defence is increasingly developed and produced within Europe. Companies involved in traditional defence sectors, such as the production of weapons, ammunition, and military vehicles, stand to benefit from large-scale investments under the Security and Action for Europe (SAFE) instrument. This initiative provides up to EUR 150 billion in loans, backed by the EU budget, to support joint defence procurement and collaborative projects across Europe.

Similarly, businesses engaged in innovative industries and value chains that supply the traditional defence sector with essential equipment and materials – such as steel, engines, components for land, sea, and air vehicles, software, and semiconductors – are seeing increased demand for their products and securing long-term orders. In this context, the EC has committed to regulatory simplification and harmonization, recognizing defence industrial projects as a matter of public interest in construction and environmental permitting processes. A recently published proposal for a Regulation on accelerating permit-granting for defence readiness projects stipulates that the permit-granting

process for such projects should not exceed 60 days.

The EC also underscores the importance of existing value chains and industries that can benefit from the expansion of the European defence sector. At the same time, new ecosystems and value chains for cutting-edge technologies, such as AI and electronic warfare, are emerging, with potential applications for both civilian and military sectors. While the message for companies involved in or supplying the growing defence sector is clear, they must navigate a dense regulatory framework that governs their activities at the European, national, and international levels.

This regulatory overview provides:

- A concise overview of the most important EU regulations for trade in defence and dual-use goods.
- A comprehensive summary of defence-related laws and regulations applicable to both companies in the traditional defence sector, as well as to those supplying innovative dual-use items in the CEE region.
- Other key regulatory provisions that defence companies must regularly address when conducting their business.

02

Legal regime under union law

Council Common Position 2008/944/CFSP

The basis of European arms control law is the Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment, OJ L 2008/335, 99 as amended by L 2021/382, 60. This Position contains eight basic criteria for the export of military equipment:

Criterion 1:	Compliance with international obligations and commitments of Member States
Criterion 2:	Observance of human rights and international humanitarian law by the country of final destination
Criterion 3:	Internal situation in the country of final destination as a result of tension or armed conflict
Criterion 4:	Maintenance of peace, security and stability in a region
Criterion 5:	Protection of the national security of EU Member States, their dependent territories and friendly and allied countries
Criterion 6:	International behaviour of the buyer country, in particular its stance on terrorism, alliance commitments and compliance with international law
Criterion 7:	Risk of transfer or unwanted re-export of military equipment in the buyer country
Criterion 8:	Compatibility of the export of military technology or equipment with the technical and economic capacity of the recipient country

The Position is to be transposed by the EU Member States within the framework of their foreign policy. It also forms the basis of the EU Common Military List adopted by the Council on 17 February 2020.

The Dual-Use Regulation

In accordance with Council Common Position 2008/944/CFSP, Regulation (EU) No. 821/2021 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items, OJ L 2021/1206, 1 as amended by L 2024/2547, 1, (Dual-Use Regulation) was adopted.

The Dual-Use Regulation lays down rules for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (Art 1 Dual-Use Regulation). Dual-use goods are goods, including software and technology, that can be used for both civilian and military purposes, including for the development of weapons of mass destruction (Art 2 No. 1 Dual-Use Regulation).

The core element of the Dual-Use Regulation is its Annex I. This is a regularly updated (Art 17 Dual-Use Regulation) list of dual-use goods. The goods listed in Annex I are divided into ten categories (category 0 to category 9), which are in

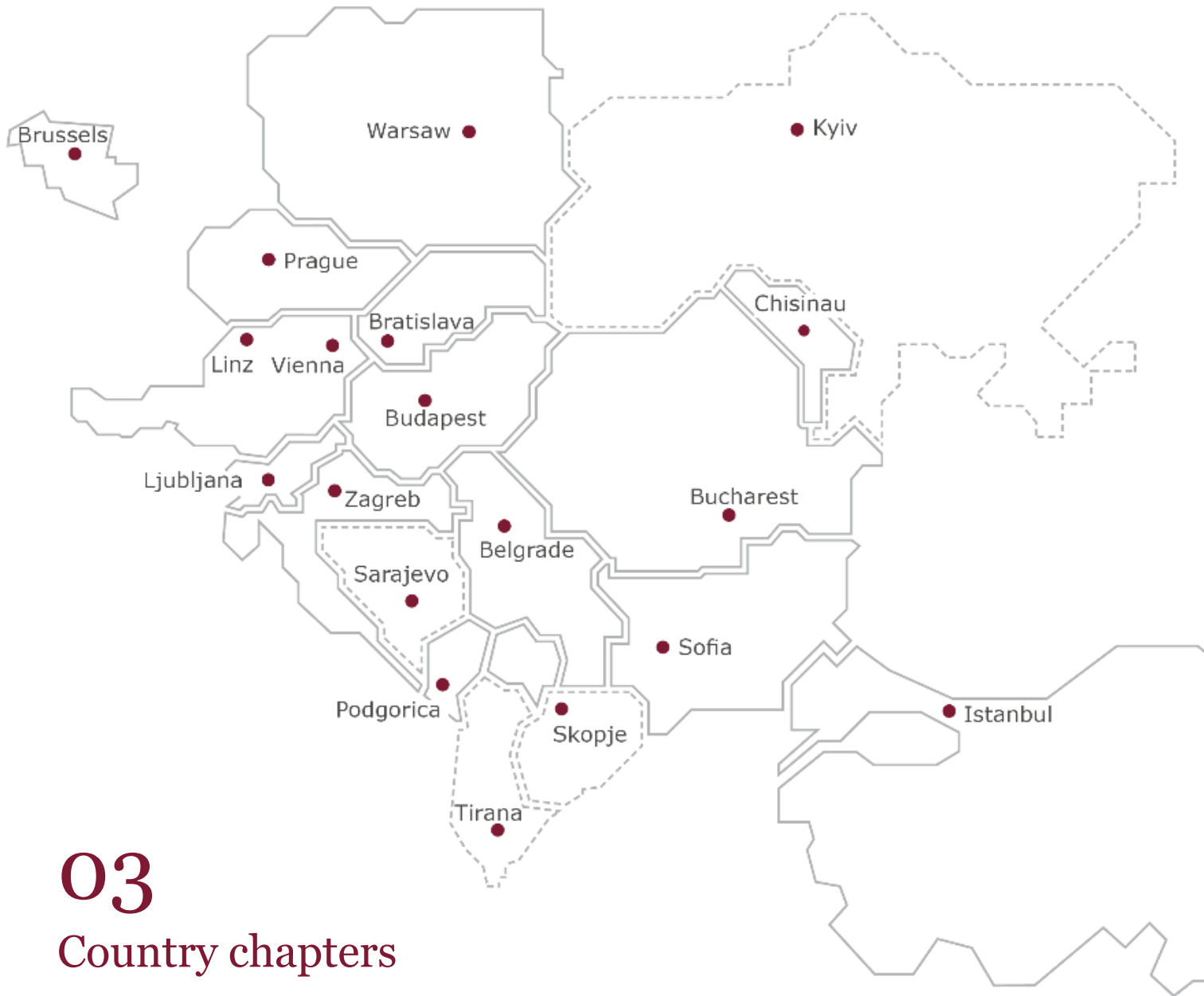
turn divided into many different types of goods. The goods listed in Annex I range from nuclear reactors to software and unmanned aerial vehicles (UAVs).

The export (i.e. the transfer of goods outside the customs territory of the EU) of all goods listed in Annex I of the Dual-Use Regulation requires a licence (Art 3 Dual-Use Regulation).

In contrast, Member States may completely prohibit the transit (i.e. transportation into and through the customs territory of the EU) of non-EU goods listed in Annex I (Art 7 Dual-Use Regulation). Finally, the brokering of goods listed in Annex I is also subject to authorisation under certain conditions (Art 6 Dual-Use Regulation).

However, due to the lack of corresponding competences of the EU, the concrete transposition of the Dual-Use Regulation's requirements depends on accompanying provisions in the national laws of Member States, primarily relating to procedural law. National law must therefore always be considered together with the provisions of the Dual-Use Regulation.





03

Country chapters

1 Austria

1.1 Defence goods production and trade: key regulations

Trade Act: The production, processing and repair of military weapons and ammunition, as well as their trade and brokering, require a trade permit for the regulated weapons trade under the Trade Act. Military weapons and ammunition include semi-automatic and automatic rifles, machine pistols and military vehicles that are equipped for combat missions. Legal entities engaged in the weapons trade must have their seat or headquarters within the EU/EEA or Switzerland. Their representatives must be citizens of an EU/EEA state or Switzerland and must have their residence in one of these states. Additionally, they must be deemed reliable according to the Trade Act. Companies engaged in the weapons trade are required to keep a weapons register that records, among other things, all incoming and outgoing weapons, including all information required to identify the model. Plants that produce military weapons and ammunition and are likely to endanger or impair certain public interests, such as the protection of neighbours, require a plant permit under the Trade Act.

Foreign Trade Act 2011: The export, transit and brokering of defence goods, as stipulated by the EU Common Military List or the Dual-Use Regulation, generally require approval under the Foreign Trade Act 2011. Furthermore, the movement of defence goods within the EU requires approval from the competent authority.

The EU Common Military List includes, for example, handguns, rifles, target devices, armoured vehicles and certain chemicals. The Minister for Economic Affairs may grant a time-limited approval for specific types or a number of types and categories of defence goods to companies that regularly move defence goods within the EU. The competent authority reviews the final use in a destination country. An approval will be issued if there is no contradiction to international obligations, security concerns of the Republic of Austria or other EU Member States. If there is a risk that the goods will trigger armed conflicts or exacerbate existing conflicts in the destination country, no approval will be granted.

War Material Act: The import, export, transit and brokering of war material, as stipulated in the Regulation of the Federal Government of 22 November 1977 concerning War Material, require approval under the War Material Act. This regulation includes weapons and ammunition such as rifles, explosives, tanks, armoured vehicles or machines, as well as facilities that are solely suitable for producing these goods. Applicants may require an import permit from the destination country. The Minister of Internal Affairs decides, in consensus with the Minister of International Affairs, on applications according to the War Material Act. Approval criteria include the danger of human rights violations in the destination country, the existence of arms embargoes and foreign security concerns of the Republic of Austria.

Other important provisions: Companies engaged in the production of military weapons, ammunition or vehicles must adhere to numerous technical norms. Certain facilities for vehicle or engine construction may require an Environmental Impact Assessment (EIA). Additionally, the modification of existing facilities, for example from civil to military use, may be subject to an EIA. Specific regulations concerning the production and storage of explosives may also be applicable. Given that munition plants are typically energy-intensive, their operation is regularly governed by energy regulations, including PPA regulations, network tariff charges and flexibility services.

1.2 Dual-use goods: key regulations

Industrialised nation: In Austria, one out of every EUR 3.50 earned comes from industry. The industrial sector is primarily made up of SMEs, which account for 87 % of industrial businesses. Austria is highly export-oriented, with 53 % of its GDP coming from exports. It is home to companies engaged in manufacturing or supplying engines or engine components (e.g. Steyr Motors and MIBA). Austria also hosts specialised firms in fields such as UAVs (e.g. Schiebl), precision optics (e.g. Swarovski Optik), communication and control systems (e.g. Frequentis), carbon fibre high-pressure tanks for space (e.g. Peak Technology), laser solutions (e.g. Trotec Laser Austria) and polymer-framed pistols (e.g. Glock). These companies produce dual-use goods, serving both civilian and military purposes.

Trade Act: Self-employed activities in Austria carried out regularly and with the intention of making a profit require a trade licence.

Trades are divided into unregulated and regulated categories. Relevant examples of regulated trades include communications electronics, motor vehicle technology, polymer processing, mechatronics and metal technology for vehicle construction. A corporation conducting a regulated trade must appoint a managing director who has the necessary qualifications for the trade. However, industrial enterprises, characterised by high capital investment, series production and specialised machinery, generally do not need a certificate of competence. However, the arms trade is exempt from this rule. Commercial activities usually require operating facilities, which may be subject to approval if they could impact public interests like neighbour or environmental protection.

Aviation Act: The Austrian Aviation Act regulates the safety, certification, operation and supervision of civil aviation. It also covers UAVs, but only those not subject to EU law. The Act distinguishes between Class 1 and Class 2 UAVs. Class 1 UAVs must be operated within direct visual line of sight (without technical aids), whereas Class 2 UAVs can also be operated beyond visual line of sight. Operating a Class 1 UAV requires official authorisation, which is granted only if the vehicle meets specific airworthiness and operational requirements (e.g. maximum allowable weight and designated operating areas). In contrast, Class 2 UAVs are subject to the same strict regulations as all other civil aircraft and their operations. Cross-border flights with Class 1 and Class 2 UAVs are only permitted if the vehicle holds Austrian nationality, in accordance with EU regulations, or with official authorisation.

Telecommunications Act: The Austrian Telecommunications Act sets the framework for the operation and use of electronic communications networks and services in Austria. Its personal scope includes, among others, companies that operate or are authorised to operate a public communications network or an associated facility.

Operators and providers must implement technical and organisational measures to ensure an appropriate level of security for managing risks to the networks and services. Considering the state of the art, these measures should ensure a level of security that is proportionate and appropriate in view of the existing risk.

In particular, measures – including encryption where appropriate – must be taken to prevent and minimise the impact of security incidents on users and other networks and services. The regulatory authority may, among other things, impose proportionate and appropriate security measures on operators and providers within certain deadlines.

ÖNORM standards: ÖNORM standards are recommendations issued by the Austrian Standards Institute. They are legally binding only if declared so by regulation; otherwise, they apply contractually, like general terms and conditions. However, technical ÖNORM standards can have legal significance, for example, in defining the standard of care in liability law. Since they cover almost all technical goods, they must also be considered in the production of engines, UAVs and other dual-use technologies.

1.3 Procurement regulations

The awarding of construction, supply and services contracts in the military sector ("military procurement") and in the security-relevant sector by (public sector) contracting authorities is subject to the so-called Federal Procurement Act for Defence and Security ("**BVergGVS**"), which transposes Directive 2009/81/EC.

Military procurement – or "military equipment" – includes any equipment specifically designed or adapted for military purposes and intended for use as weapons, ammunition or war material (including the procurement of associated parts, components and/or kits, as well as procurements directly related to military equipment and of construction or services specifically for military purposes).

Examples of military goods are listed on the confidential list of military goods from 1958, as well as on the current EU military goods list. So-called "dual-use" goods, however, are not automatically considered military equipment under the BVergGVS.

Security-relevant procurements involve so-called "sensitive equipment" or "sensitive construction and services". This refers to "equipment, construction or services for security purposes that involve or require classified information".

Essentially, this means that classified information is involved in the procurement of a service (including the delivery of parts, components and/or kits of sensitive equipment or directly related to sensitive equipment, as well as the procurement of sensitive construction or services).

Examples of "sensitive" procurements subject to the BVergGVS would include acquisitions by the Directorate State Protection and Intelligence Service (DSN), such as eavesdropping devices and scanners.

Military and security-relevant procurement must generally be tendered in a public and transparent procedure for contract values starting from EUR 75,000, unless a specific exemption applies. Exemptions include contracts where the application of the BVergGVS would force the federal government or a state to disclose information that it believes would contradict its essential security interests, as well as contracts for intelligence activities (espionage and counter-espionage) or certain contracts between governments (so-called "government-to-government" procurements).

In awarding contracts in the military and security-relevant sectors, aspects of supply and information security are of particular importance. Contracting authorities may impose requirements on contractors to protect classified information that they disclose during a procurement procedure, which must also be adhered to by their subcontractors.

Similar requirements apply to supply security. Violations of supply or information security can also be relevant in the suitability assessment of contractors. A further peculiarity compared to the regulations of the BVergG are the provisions on subcontracting.

The contracting authority may require the successful bidder (best or lowest bidder) to award all or certain subcontracts or a certain percentage thereof, to subcontractors through a competitive process.

In this case, the main contractor is obliged to conduct a (private) procurement procedure if the value of the subcontract exceeds the relevant thresholds. For this (private) procurement procedure, the BVergGVS (transposing the Directive provisions) sets out certain fundamental rules regarding announcements, suitability criteria and the possibility of awarding subcontracts based on a framework agreement.

As with contract awards under the BVergG, contract awards under the BVergGVS are subject to the legal protection procedures under the BVergG and, therefore, can be challenged before the Federal Administrative Court (BVwG).

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2 Bulgaria

2.1 Defence goods production and trade: key regulations

Bulgaria's defence-related products and weapons production sector is a legacy industry with deep roots in the country's Cold War-era arms manufacturing, now modernised to serve both NATO and international markets. Key state-owned and private companies, such as Arsenal AD, VMZ Sopot, Kintex and Dunarit, produce a wide range of military goods, including small arms, artillery ammunition, explosives and communication systems, many of which are considered dual-use. The sector is regulated by the Ministry of Economy and Industry through strict export controls aligned with EU and international regimes. Recently, the Bulgarian government has announced its ambitions to expand the defence sector into higher-tech areas such as the production of drones and optics.

Weapons, Ammunition, Explosives and Pyrotechnic Products Act: The Bulgarian Weapons, Ammunition, Explosives and Pyrotechnic Products Act regulates the production and trade of weapons, ammunition, explosives and pyrotechnic products. Weapons, explosives and pyrotechnic devices may be produced by individuals and legal entities that are registered as traders within the territory of a Member State and hold a valid manufacturing permit issued by the Minister of Economy and Industry. A manufacturing permit is also required when these products are intended for export.

The manufacturing permit may cover any of the following activities: production of complete or partial explosives, weapons, ammunition and pyrotechnic articles; trade in weapons and ammunition; repair, conversion and utilisation; and rental of weapons and ammunition.

Producers of explosives, weapons, ammunition and pyrotechnic products must have:

- facilities – either owned or leased – for the production and safekeeping of explosives, ammunition and/or pyrotechnic products, which comply with the technical regulations and norms for designing buildings intended for the production and safekeeping of such items, as well as with the physical safety requirements for buildings pursuant to the Spatial Development Act;
- facilities – either owned or leased – for the production and safekeeping of weapons, which must comply with the physical safety requirements for buildings pursuant to the Spatial Development Act;
- owned or leased mobile production facilities (transport installations) for explosives, designed and intended for direct charging and production in drill pits, with a certificate of compliance attesting to their good working condition;
- qualified staff, depending on the nature of the products produced;

- employees responsible for ensuring compliance with safety regulations for working with explosives, weapons, ammunition and pyrotechnic products;
- a security employee responsible for preparing security plans for explosives, pyrotechnic products, weapons and ammunition, as well as systems for their management;
- experts who maintain records of the movement of produced products. Permits to produce explosives, weapons, ammunition and pyrotechnic products are not limited in duration.

Trading in explosives, weapons, ammunition and pyrotechnic products may be carried out by natural persons and legal entities registered as traders within the territory of a Member State, provided they have obtained a trading permit issued by the Director of the General Directorate National Police at the Ministry of the Interior. The trading permit is issued for a term of five years and is valid only for the types of explosives, pyrotechnic products, weapons and ammunition specified in the permit.

2.2 Dual-use goods: key regulations

Export Control of Defence-related Products and Dual-Use Items and Technologies Act: The law regulates the terms and procedures for the export, import, transfer, transport, carriage and transit of defence-related products, brokering services with them and the control over such activities.

It also sets out the measures for transposing Regulation (EU) 2021/821 on dual-use goods, including the necessary administrative procedures for the export and transfer of dual-use goods.

The export, import and transfer of defence-related products may be carried out by natural and legal persons registered pursuant to the Bulgarian Commerce Act after acquiring a licence issued by the Defence Industry and Supplies Security Interdepartmental Board at the Council of Ministers, and an export or import authorisation issued by the Export Control and Non-Proliferation of Weapons of Mass Destruction Interdepartmental Commission under the Ministry of Economy and Industry. The rights under the licence may not be transferred, except for change of the legal form of the licensed trader. The initial licence for export, import and/or transportation is issued for a period of one year. Upon expiry, any subsequent licence is issued for a term of five years.

The export and transfer of dual-use goods may be carried out upon registration with the Ministry of Economy and Industry. The applicant must provide information on the intended foreign trade activities with foreign partners regarding dual-use items for a period of at least one year. The information must include specific categories and sub-categories of dual-use items and specific destinations. The registration is valid for a period of five years. After the registration, the respective company must obtain an export authorisation. There are different types of export authorisations – individual, global, general and for large projects, in accordance with the requirements of Regulation (EU) 2021/821.

2.3 Procurement regulations

Public Procurement Act: Procurement in the defence sector is regulated in part four ("Special Rules While Awarding Public Procurements in the Defence and Security Area") of the Bulgarian Public Procurement Act ("**PPA**").

under the PPA, including for competitive and transparent tender procedures, as well as for special obligations related to classified information. If the application of the PPA is excluded under an exemption, the contractors will have to comply with the specific tender rules of the respective public authority.



The key difference from the general public procurement regime is the possibility to exclude the application of the public procurement rules based on specific grounds set out in the law, as follows:

- if related to the provision of information whose disclosure would be contrary to the fundamental interests of national security;
- if assigned for the purposes of intelligence activities;
- if awarded within the framework of a cooperation programme based on re-search and development carried out jointly by at least two Member States for the development of a new product.

If the tender does not fall within the scope of the exceptions, the contracting authority will have to apply the procurement rules

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3 Croatia

3.1 Defence goods production and trade: key regulations

Act on Production, Repair and Trade of Arms and Military Equipment (Official Gazette No. 33/2002, 173/2003, 146/2008, 17/2019): The production and development of arms and military equipment require approval from the Ministry of Internal Affairs. Arms and military equipment include weapons, lethal and technical devices, as well as supporting systems and devices. Arms producers may also engage in the repair and refitting of arms and military equipment, while other entities must obtain prior consent from the Ministry of Defence.

All arms and military equipment must comply with NATO standards.

Producers are required to allow the Ministry of Defence to inspect the production process and the associated technical documentation for quality control purposes.

Import and export of arms and military equipment intended for the Croatian Armed Forces and the Ministry of Internal Affairs are managed by Agencija Alan d.o.o., a specialised state-owned company, as well as other entities registered for the import and export of military goods.

Before entering into contracts for the export of arms and military equipment, producers must obtain the consent of Agencija Alan. Alternatively, Agencija Alan may act as a contracting party on behalf of the producers. Producers and approved research institutes may engage in research and development of arms and military equipment only after meeting additional

requirements, such as possessing adequate technical capabilities, qualified staff, appropriate security measures and good business standing. Patent applications for defence-related inventions are treated as confidential and cannot be published without the approval of the Ministry of Defence. Patents considered to be of interest for the defence of the Republic of Croatia remain confidential and are exclusively licensed to the Ministry of Defence. The inventor is entitled to a lump-sum licence fee, the amount of which is determined through an agreement with the Ministry of Defence.

All entities involved in the production, repair and trade of arms and military equipment must implement and enforce appropriate security measures and protocols, including data protection, employee background checks, physical security and anti-espionage practices.

Act on Explosive Substances and the Production and Trade of Weapons (Official Gazette No. 70/2017, 141/2020, 114/2022): Producers and traders of weapons must meet the conditions set forth in the Act to obtain the required permit from the Ministry of Internal Affairs. Intermediary services related to the sale and/or transfer of weapons are also considered part of the weapons trade. Permits may be time-limited and may include additional restrictions or conditions aimed at protecting life, health, property and the environment.

The responsible person in companies that produce weapons and explosive substances

must be a Croatian resident with no criminal history and with sufficient knowledge of the Croatian language. Foreign nationals may serve in this role, provided they are registered as temporary or permanent residents of Croatia. Additional requirements apply to key employees involved in the production of weapons and explosive substances. Producers and traders must also comply with sector-specific technical, environmental and construction requirements for installations used for the production and storage of weapons and explosive substances.

Act on Supervision of Trade of Military Goods and Non-Military Lethal Devices (Official Gazette No. 80/2013): The import and export of military goods, including brokering and technical support, require a permit from the Ministry of Economy, based on the unanimous recommendation of a committee composed of representatives from various government ministries.

Permits are valid for a single country of import/export and are issued for a period of one year (or up to three years for temporary import/export for repairs and refitting) and cannot be renewed. However, if specific military goods are exported to multiple countries, a global export permit valid for one year may be issued. Import and export permits may be denied if their issuance would conflict with Croatia's foreign policy or economic interests, international obligations or national security and defence interests. Permits may also be refused in cases involving exports to countries subject to restrictive measures or where there is a risk that the military goods could fall into the hands of unauthorised individuals.

The transfer of defence goods within the EU is carried out under general, global or individual permits, issued in accordance with the same procedure as that for import and export permits.

3.2 Dual-use goods: key regulations

Croatian dual-use goods market: While relatively small, the Croatian defence and dual-use goods market is significantly export-oriented with potential for further growth. The total value of exported dual-use goods in 2024 reached almost EUR 9.8m, the majority (50 %) being exported to Bosnia and Herzegovina. Notable Croatian military and dual-use goods include aerial drones (ORQA), small arms (HS Produkt) and unmanned ground vehicles (DOK-ING). In addition, there are multiple producers of personal military equipment, such as protective helmets and vests, uniforms and footwear (e.g. Šestan-Busch, Borovo, Kroko, Hemco, Čateks and Inkop).

Act on Control of Dual-Use Goods (Official Gazette No. 83/2023): The Croatian act transposing the EU Dual-Use Regulation transposed the definitions and regulatory solutions of the Regulation into the national regime for the export control of dual-use goods. The export of dual-use goods not listed in Annex I of the Regulation is subject to prior authorisation from the Ministry of Foreign Affairs. The same requirement applies to brokering and technical support services. Authorisation is granted based on the recommendation of the Committee for the Control of Dual-Use Goods, comprising representatives from various government ministries, and may be denied on any of the refusal grounds set out in the Dual-Use Regulation.

The permits can be issued either as single export permits (applicable to one EU Member State) or as global export permits (applicable to multiple EU Member States).

Electronic Communications Act (Official Gazette No. 76/2022, 14/2024): Croatia enforces a general prohibition on the import, production, possession and use of radio-frequency jamming devices. However, the ban does not apply if the devices are used in the interests of defence or national security, or when they are needed for the protection of life, health and property. Based on the recommendation of the competent defence and national security bodies, the Croatian Regulatory Authority for Network Industries (HAKOM) may issue a special permit for the use of radio-frequency jamming devices.

3.3 Procurement regulations

Public Procurement Act (Official Gazette No. 120/2016, 114/2022): The general public procurement regime does not apply to public procurement for military equipment and other national security-sensitive goods and services. Annex III of the Act contains an indicative list of military equipment excluded from the general public procurement regime, such as small weapons, artillery, bombs, missiles, armoured vehicles, warships and warplanes. Public procurement of defence goods whose total value exceeds EUR 26,540 is subject to a special public procurement regime regulated separately by a government decree.

Decree on Public Procurement in the Defence and Security Sector (Official Gazette No. 19/2018): The special procedure for public procurement of

defence goods allows for additional restrictions and exemptions from publicity when disclosure would compromise national security. It introduces enhanced security vetting of suppliers and employees, and allows for the use of redacted documentation in tenders involving classified data. Additionally, the Decree allows for public procurement framework agreements lasting for up to seven years or longer for technically complex defence items.

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4 Czech Republic

4.1 Defence goods production and trade: key regulations

Act on Foreign Trade in Military Material (Act No. 38/1994 Coll.): This Act establishes the procedures for authorising trade in military material, the conditions for granting and using licences, and the overall control of such trade, including the imposition of penalties for violations. Control of trade in military material in the Czech Republic is two-tiered:

- A business entity may offer products and services, engage in negotiations with foreign partners, and carry out related activities, only after obtaining the relevant permit for trading in military material.
- To carry out specific business cases, it is also necessary to apply for a licence.

The holder of such a permit may only be a legal entity with its registered office in the Czech Republic. The permit clearly specifies the individual items on the list of military equipment defined by the relevant decree of the Ministry of Industry and Trade, with which the legal entity may trade, as well as the list of countries in which such trade may be conducted. The permit is limited in duration, with a maximum period of five years. To carry out a specific trade transaction, the permitholder must apply for an export (or import) licence, which can only be issued for one specific trade transaction.

A fine of up to CZK 50m may be imposed for non-compliance with the permit and licensing obligations.

Decree No. 210/2012 Coll.: This decree implements certain provisions of Act No. 38/1994 Coll., detailing the list of military goods and the procedures for licensing and control. It covers air and missile defence, artillery systems, and ammunition and missiles. It also partially covers UAVs and counter-drone systems, primarily through provisions relating to aircraft, detection equipment and electronic countermeasures. Military mobility is addressed through the inclusion of specially designed or modified military ground vehicles and related components. Aspects of artificial intelligence, cyber capabilities and electronic warfare are also partially covered, notably in relation to fire control, communication, detection and guidance systems (Cyber & Electronic Warfare are also regulated by Act No. 594/2004 Coll, on Control of Exports of Dual-Use Items and Act on Cybersecurity No. 181/2014 Coll. – see below).

Act No. 119/2002 Coll., on Firearms and Ammunition: This Act regulates the categories of firearms and ammunition, the conditions for their acquisition, possession, carrying and use, the rights and obligations of holders, the conditions for the export, import or transit of weapons or ammunition and the operation of shooting ranges, the conduct of pyrotechnical surveys, the operation of information systems in the field of weapons and ammunition and penalties.

Act No. 90/2024 Coll., on Firearms and Ammunition: The Act, which will enter into force on 1 January 2026, replaces Act No. 119/2002 Coll. It regulates the aforementioned topics and, in addition, requires mandatory reporting of suspicious transactions by dealers, establishing sanctions for non-compliance. Furthermore, it grants the police the authority to seize weapons based on information or an opinion from public authorities indicating that the person in possession of the weapons poses a serious threat to internal order or security. As with Act No. 119/2002 Coll., in addition to regulating the civilian use of firearms, the Act also regulates the operations of shooting ranges, the storage of firearms and ammunition, and the local and cross-border transfer of firearms and ammunition.

4.2 Dual-use goods: key regulations

The Czech Republic is home to a number of export-oriented enterprises that produce or supply dual-use goods. These include advanced machine tools and CNC systems (e.g. TOS Varnsdorf), cryptographic hardware and secure network systems (e.g. Tesla), specialised surveillance and radar electronics (e.g. Eldis Pardubice), and semiconductor technologies (e.g. Onsemi). The Czech industry also includes manufacturers of precision sensors and optical systems used in autonomous, aerospace and defence applications. The chemical industry is represented by companies such as Synthesia, which produce industrial chemicals and precursors subject to control under the Chemical Weapons Convention and other multilateral regimes.

Export Control Act: The principal legal framework governing dual-use goods in the Czech Republic is **Act No. 594/2004 Coll., on the Control of Exports of Dual-Use Items**, as amended. This Act transposes and implements the directly applicable Regulation (EU) 2021/821, which establishes the Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items. The Act applies to all natural and legal persons established in the Czech Republic and governs the export, intra-EU transfer (in sensitive cases), brokering and transit of dual-use items, software and technology. It distinguishes between individual, global and general licences, with the Ministry of Industry and Trade acting as the competent licensing and control authority. A general licence may apply only under strict conditions; otherwise, individual or global licences are required.



The Act provides for risk-based licensing procedures, allows the use of catch-all clauses, and establishes administrative penalties for violations. Where relevant, licensing decisions are made in coordination with the Ministry of Foreign Affairs, Ministry of Defence and intelligence services. Exporters are also obliged to maintain records and report transactions. Controls apply not only to physical shipments but also to intangible transfers, including cross-border transmission of source code and technical know-how.

Cybersecurity: Certain dual-use items related to information security (e.g. surveillance software, intrusion systems or cryptographic tools) are also subject to national cyber regulation.

Act No. 181/2014 Coll., on Cybersecurity, imposes obligations on operators of critical infrastructure and essential service providers, including mandatory risk assessments, technical safeguards and cooperation with the National Cyber and Information Security Agency. When relevant, Czechia's National Cyber and Information Security Agency ("NÚKIB") also contributes to the dual-use licensing process, especially in high-risk technology areas, and may issue risk assessments or binding opinions regarding transactions involving high-risk destinations or technologies capable of misuse. A draft of a new Cybersecurity Act is currently under discussion.

This proposed legislation addresses issues related to cybersecurity, including the definition of critical infrastructure and the obligations of entities operating information and communication systems. The draft also transposes the European NIS2 Directive (Directive (EU) 2022/2555),

which applies to organisations across both the private and public sectors.

Chemical materials: Under Czech law, the export, import and transit of chemical materials listed in the schedules of the Chemical Weapons Convention are governed by **Act No. 19/1997 Coll.**, in conjunction with **Act No. 594/2004 Coll.**, on Dual-Use Exports. While not intended for weapons use, such chemicals – including Schedule 1, 2 and 3 substances – are considered sensitive and subject to licensing, reporting and end-use control when traded across borders.

Decree No. 459/2020 Coll. further specifies obligations for exporters and importers, including prior notification, record-keeping and registration requirements, especially for transactions involving Schedule 1 materials and discrete organic chemicals. This legal regime applies to both civilian and research activities involving listed substances or associated equipment.

4.3 Procurement regulations

Military and security-related procurement in the Czech Republic is governed by **Act No. 134/2016 Coll., on Public Procurement**, which contains a dedicated section (Part nine) transposing **Directive 2009/81/EC** on Defence and Security Procurement.

This regime applies to the awarding of contracts in the fields of defence and security, including the supply of weapons, ammunition and military equipment, as well as related services and works. Contracts involving dual-use items may fall within the scope of this regime if the items are procured for military or classified use.

The Act allows contracting authorities (e.g. the Ministry of Defence or Ministry of the Interior) to use negotiated procedures with or without prior publication in cases involving national security interests, classified information or urgency.

Exemptions, notably where disclosure of information could compromise national security, also apply. Contractors and subcontractors are subject to mandatory obligations regarding information security, classified information handling and supply chain security. Breaches may lead to exclusion from procurement procedures or contract termination. Legal remedies are available before the Office for the Protection of Competition and administrative courts.

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5 Hungary

5.1 Defence goods production and trade: key regulations

Act CIX of 2005 and Government Decree No. 156/2017 on Defence Industry Licensing: In Hungary, the production, trade and provision of services related to defence are subject to a strict licensing regime. Any entity wishing to engage in such activities must obtain a valid defence industry activity licence. The scope of regulated products is extensive, including weapons, ammunition, explosive devices, chemical warfare agents, military vehicles, other military-use equipment, technologies and supplies, as well as coercive tools, criminal investigation devices and intelligence service equipment. The range of licensable services is also broad, including activities such as technical engineering design, storage, maintenance, destruction, the transfer of technical know-how and training in the use of defence equipment.

Licences may be granted to companies registered in Hungary, Hungarian branches of foreign companies and – in the case of cross-border services – to companies registered in another EEA Member State. Applicants must meet strict personal and organisational criteria, including compliance with technical and safety standards. A licence will only be granted if the proposed activity does not jeopardise Hungary's national security, its international obligations or other legally protected interests.

There are two main types of licences for defence industry activities:

- **general activity licence**, which may authorise the holder to produce defence products, provide related services or carry out preparatory activities related to international trade in defence goods;
- **single-use (transaction-specific) licence**, which is issued for a specific, one-off foreign trade transaction.

For certain foreign trade activities, additional specific licences are required in addition to holding an appropriate defence industry activity licence. These include:

- a **negotiation licence**, which permits the conclusion of contracts for the export, re-export or provision of services involving defence products to third-country entities;
- a **transfer licence**, which authorises the performance of contracts related to the export, re-export, import or transfer of defence products or the provision/use of related services. The types of transfer licences include: the general transfer licence, global transfer licence, individual transfer licence and export licence under Regulation (EU) No. 258/2012;
- a **brokerage licence**, issued for brokerage activity concerning a specific transaction; and

- a **transit licence**, which authorises the transit of defence products through Hungary. The types of transit licences include: the individual transit licence and framework transit licence.

Notably, if a company holding a defence industry activity licence undergoes a change in ownership resulting in an acquisition of 25 % or more control, or if it is terminated with legal succession, it may continue its defence industry activities only after obtaining a new licence.

Companies engaged in the production of defence products may also obtain certification of their reliability from the relevant authority, provided they meet the specific conditions set forth in the legislation. This certification entitles the company, under a general transfer licence, to receive the defence products and access the services specified in the certification, as necessary for its production activities. EU Member States recognise certifications issued by the competent authorities of other Member States.

Ministerial Decree No. 32/2007 on the marking and recording of defence products: Producers and importers must ensure that defence products are marked with a clearly recognisable and legible alphanumeric identifier that enables unambiguous identification of the product. The detailed rules regarding the placement of the identifier are defined by the Ministerial Decree. In addition, the following information must be indicated on the defence products or on an associated data carrier, packaging or accompanying documentation:

the name of the producer, product designation, serial number, year of production, an indication of the product's technical reliability, and any other information required under the legislation for the specific product.

Producers and distributors of defence products, as well as providers of defence-related services, are required to maintain accurate records and regularly report data to the competent authority on their defence-related activities.

Other important provisions: Foreign direct investment (FDI) screening in Hungary involves the review and approval of foreign investments to protect Hungarian companies active in "strategic" sectors, including the defence industry. For foreign investors, this means that any acquisition or investment in Hungarian defence companies may require prior approval from the competent Ministry. In the absence of such approval, the transaction is considered null and void.

5.2 Dual-use goods: key regulations

Hungary's industrial sector plays a key role in the national economy, contributing approximately 20–25 % of the country's GDP. The backbone of this sector is primarily the automotive and electronics industries, with a significant portion of output destined for international markets. In addition to these dominant fields, certain local market players are also engaged in the trade of dual-use goods. According to the competent registration authority, more than 150 Hungarian companies are listed in the national registry of business entities involved in foreign trade of dual-use goods.

These include Paks II Ltd., the project company responsible for Hungary's new nuclear power plant development, operating in the field of nuclear materials, facilities and equipment. Other notable examples include the Hungarian subsidiaries of IBM, Huawei, Ericsson and Siemens, active in telecommunications and IT infrastructure, as well as the Bosch Group's Hungarian entities, which are engaged primarily in industrial automation technologies.

The substantive rules concerning dual-use goods are determined by Regulation (EU) 2021/821 of the European Parliament and of the Council (the "**Dual-Use Regulation**"). However, considering the lack of corresponding competences of the EU, the concrete procedural transposition of the requirements of the Dual-Use Regulation in Hungary is governed by **Governmental Decree No. 13/2011 (II.22.)**, which primarily sets out the procedural rules for the application and permitting process of the foreign trade of dual-use goods. In Hungary, companies engaging in export activities related to dual-use goods must be registered with the competent Hungarian authority and must also obtain the appropriate licence to conduct the activity. The competent Hungarian authority (i.e. the Budapest Government Office) conducts the following licensing procedures in accordance with the Dual-Use Regulation:

- individual export licence;
- global export licence;
- national general export licence;
- EU-wide general export licence;
- transfer licence;
- brokering licence;
- transit licence; and
- technical assistance licence.

On the other hand, the import of dual-use goods is generally not subject to licensing. However, an international import certificate is required for imports into Hungary if requested by the authorities of the country of origin or if the item falls under Category 0 (nuclear dual-use goods) of Annex I of the Dual-Use Regulation. In parallel to Governmental Decree No. 13/2011 (II.22.), a distinct but equally significant regulatory framework applies to nuclear-related dual-use goods. **Governmental Decree No. 144/2011 (VII.27.)** regulates the foreign trade of nuclear and nuclear dual-use goods in Hungary. The Decree distinguishes between different licensing procedures depending on the nature of the destination country (i.e. nuclear-weapon states or non-nuclear-weapon states) and the type of nuclear goods (i.e. nuclear or nuclear dual-use goods). The Decree also grants the competent authority the power to revoke export licences where necessary, ensuring control over such transfers.

Telecommunications Act: The Hungarian Telecommunications Act sets the regulatory framework for electronic communication networks and services. It applies, among others, to entities that manage communications networks or related infrastructures, as well as to those granted authorisation to operate such networks. It further applies to organisations offering telecommunications services and to end users who make use of these services. Moreover, the scope also covers regulatory authorities responsible for supervising the sector, such as the Hungarian National Media and Infocommunications Authority, as well as companies engaged in the manufacturing and servicing of telecommunications equipment.

The law mandates, among other things, the implementation of appropriate technical and organisational security measures to protect networks from risks and cyberthreats.

Atomic Energy Act: The Atomic Energy Act is the primary law regulating nuclear energy in Hungary. It controls the peaceful use of atomic energy and ensures that nuclear activities are safe and secure. The law requires all nuclear facilities to obtain licences before construction, operation or modification. These permits are issued by the Hungarian Atomic Energy Authority, which oversees compliance with safety and environmental standards. The Act sets strict rules to protect workers, the public and the environment from radiation risks. It also establishes regulations for the safe management, storage and disposal of radioactive waste. The law mandates regular inspections and emergency readiness to prevent accidents. Additionally, it aligns Hungarian nuclear regulations with international treaties and European Union directives.

5.3 Procurement regulations

Act XXX of 2016 on Defence and Security Procurement: In Hungary, procurements related to defence and security are excluded from the scope of the general Public Procurement Act and are governed by a separate EU-law-harmonised regulatory framework, Act XXX of 2016 on Defence and Security Procurement. The applicable legal framework mandates public authorities and state-controlled entities engaged in activities of public interest to conduct specific procurement procedures for the acquisition of defence and security-related

supplies, services and works, as well as for military and security-related contracts – particularly those involving classified information, as defined in detail by the relevant legislation. The applicable procurement procedural rules depend on the subject and estimated value of the procurement. For instance, an open or restricted procedure may apply to the standard acquisition of non-classified military uniforms or logistics services, a negotiated procedure with prior publication might be used for procuring complex security systems requiring industry input, while a negotiated procedure without prior publication could be justified for classified contracts involving cyber defence capabilities or surveillance technology, where secrecy or urgency is paramount.

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6 Moldova

Although Moldova is not a member of the EU, it was granted the status of a candidate country in 2022. EU law is therefore not applicable.

6.1 Defence goods production and trade: key regulations

Law No. 174/2021 on the Investment Screening Mechanism of Importance for State Security:

The law, among other things, designates the following sectors as important for state security: (i) the production, export, re-export, release for free circulation (import) of armaments, munitions and military equipment, products, technologies and services that can be used in the production and use of nuclear, chemical and biological weapons and missiles; (ii) the use of nuclear materials and management of radioactive waste and hazardous chemical waste; and (iii) the design, production, maintenance and operation of aircraft, including dual-purpose unmanned aircraft and their components. Investments (by various schemes, including changes to existing set-ups) are subject to prior approval from the Council for the Examination of Investments of Importance to State Security, which essentially comprises the prime minister and the main ministries and force structures of the country. Investments will be refused for investors who: (i) are suspected of, accused of or are defendants in criminal proceedings related to money laundering offences, regardless of jurisdiction; (ii) are the subject of documented evidence or information from Moldovan authorities indicating involvement in actions that pose

a particular threat to state security; (iii) have had contractual relations terminated due to non-performance or inadequate performance of assumed obligations; (iv) have been convicted of corruption, corruption-related acts or other corrupt practices; (v) are being prosecuted for a serious, particularly serious or exceptionally serious crime; or (vi) are currently – or have been within the last five years – listed as persons subject to restrictive measures imposed by international bodies such as the European Union, the United Nations or other international organisations.

Additionally, each investor will be screened based on the following criteria: (i) experience with similar projects; (ii) transparency and clarity regarding the source of money, ownership, founders, managers and beneficial owners; (iii) whether the investor is acting individually or in concert with others, including as a beneficial owner, and whether the investor is a resident of a jurisdiction that does not implement international transparency standards, as determined by the Government of Moldova; (iv) whether the investor is controlled, directly or indirectly, by the government of a foreign state – including through its public authorities or institutions, armed forces, or controlling commercial and non-commercial entities – whether through ownership structures or ongoing financing, and whether such control may threaten the security of the state; (v) the extent to which the investment is likely to provide, directly or indirectly, access to the personal data of Moldovan citizens to foreign governments; (vi) the possibility that an investment may

increase or create new cybersecurity vulnerabilities, or that a foreign government may gain the ability to engage in cybersecurity activities that could affect national security; (vii) whether there is a risk that the foreign investor would pursue the objectives of a third country or facilitate the development of a third country's military capabilities; and (viii) the possibility that the investment may pose a particular threat to state security.

Law No. 213/2024 on Control of Trade in Strategic Goods: The law regulates the criteria and the control regime of trade in strategic goods (including non-proliferation of nuclear, chemical and bacteriologic arms), establishes the general regulatory framework on the activity of trade in strategic goods, and determines the competence of public authorities in the field of control of trade in strategic goods in order to ensure the national security of the Republic of Moldova, to promote the foreign policy of the country and to participate in international efforts on control of trade in strategic goods.

With respect to cyberwarfare, trade in cybersurveillance items that are not included in the government's list of dual-use items requires appropriate authorisation if the applicant has been informed by the issuing authority that the items in question are, or may be, intended – wholly or partially – for use in connection with internal repression and/or the commission of flagrant violations of human rights or international humanitarian law.

Appropriate authorisation is also required for the provision of intermediation services or technical assistance related to military items. In the case of dual-use items included in the government's list of dual-use items, authorisation is required only if

the intermediary or technical assistance provider has been informed by the issuing authority that the items in question are, or may be, intended – wholly or partially – for one or more of the aforementioned uses.

Governmental Decision 24/2005 on the National Control System for Trade in Strategic Goods in the Republic of Moldova: The trade of missiles, artillery shells and related components in Moldova is governed by a comprehensive national control system, overseen by the National Commission for the Control of Trade in Strategic Goods.

This permanent governmental body includes high-level representatives from the Ministry of Economic Development and Digitalisation (serving as chair), the National Armed Forces, the Ministry of Internal Affairs, the Ministry of Foreign Affairs, the Intelligence and Security Service, the Customs Service and the Service for the Prevention and Combating of Money Laundering.

The Commission is responsible for evaluating and authorising all transactions involving strategic goods, including missiles and artillery shells, by assessing the end-use, end-user and destination, and by ensuring compliance with Moldova's international obligations and national security interests. The Commission meets at least quarterly, but can convene *ad hoc* sessions for urgent matters, and may consult additional expert bodies as needed. All activities involving the export, import, transit or brokering of missiles and artillery shells require an individual authorisation, issued only after a rigorous review process. Applicants must submit extensive documentation, including registration certificates, contracts, end-user certificates and authorisations from relevant foreign authorities.

The Commission has the authority to refuse, suspend or withdraw authorisations if there is any risk of diversion, proliferation or use in violation of embargoes or international law.

6.2 Dual-use goods: key regulations

Law No. 213/2024 on Control of Trade in Strategic Goods: The law partially transposes Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021. Dual-use goods are goods, including software products and technologies, which can have both civilian and military use and include items that can be used for the design, development, production or use of chemical, biological or nuclear weapons or their means of delivery, including all items that can be used both for non-explosive purposes and to contribute in any way to the production of nuclear weapons or other nuclear explosive devices. Such goods are deemed to constitute strategic goods within the meaning of the stated law.

The Republic of Moldova participates in international efforts to control trade in strategic goods within the framework of the United Nations and other international organisations dedicated to ensuring and strengthening the non-proliferation regime of weapons of mass destruction and other dual-use items for military purposes.

Additionally, the Republic of Moldova engages in bilateral and multilateral international initiatives aimed at regulating trade in such goods.

Customs Code: The intentional submission and use of incorrect or inauthentic information on dual-use items, the circumvention of required authorisations for placing such items under

a specific customs procedure, or failure to obtain such authorisation, as well as the use of cancelled or expired authorisations, is punishable by a fine ranging from 20 % to 60 % of the customs value of the dual-use items. This penalty is without prejudice to the potential confiscation or retention of the goods.

6.3 Procurement regulations

Law No. 131/2015 on Public Acquisitions expressly excludes from its scope contracts for the procurement of goods, works and services related to the production of or trade in weapons, munitions and weapons systems. The annual acquisition plan for the armed forces (unless classified) is published on the website of the Ministry of Defence of Moldova. Based on this plan, the Ministry of Defence / Resources Assurance and Property Management Agency of the Ministry of Defence, publishes and organises the relevant tenders.

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7 Montenegro

Although Montenegro is not a member of the EU, it was granted the status of a candidate country in 2010. EU law is therefore not applicable.

7.1 Defence goods production and trade: key regulations

The primary legal framework governing the production and trade of defence goods in Montenegro consists of the following:

Arms Act (*Zakon o oružju*; Official Gazette of Montenegro, No. 10/2015): This act regulates the acquisition, possession, carrying, collection and transfer of firearms, as well as the conditions for their production, testing, marking, repair, modification, trade and transport.

Foreign Trade in Arms and Military Equipment Act (*Zakon o spoljnoj trgovini naoružanjem i vojnom opremom*; Official Gazette of Montenegro, No. 40/2016) (the "**Foreign Trade Act**"): This act regulates the conditions under which foreign trade in arms and military equipment may be conducted, as well as other matters of importance related to such trade.

Decision on Establishing the National Control List of Arms and Military Equipment (*Odluka o utvrđivanju nacionalne kontrolne liste naoružanja i vojne opreme*; Official Gazette of Montenegro, No. 22/2024): This decision constitutes the central instrument for the implementation of the Foreign Trade Act by listing weapons and military equipment permitted for foreign trade in controlled

goods in the National Control List of Arms and Military Equipment. Within the meaning of the Foreign Trade Act, foreign trade in controlled goods means:

- Export of controlled goods: The removal, sending or delivery of goods from the customs territory of Montenegro, including the transfer of software or technology by electronic means, except for storage in a free zone and transit. This also includes the re-export of controlled goods in accordance with customs regulations.
- Import of controlled goods: The introduction or delivery from the territory of another state into the customs territory of Montenegro, including storage in a free zone (except transit), as well as the transfer of software or technology by electronic means, including oral transmission, if the technology contained in a document enables the same result within the customs territory.
- Transit: The transport of controlled goods by land, water or air through the customs territory of Montenegro to the territory of another state, with or without transshipment.
- Transport: The movement of controlled goods under customs supervision by land, water or air within the customs territory of Montenegro, without changing their customs status.

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- Brokerage services: Negotiating, contracting or mediating in transactions related to the purchase, sale or procurement of controlled goods from one foreign state to another, or the sale or purchase of such goods between foreign states, excluding transport, financial services, insurance or reinsurance, advertising or promotion.
- Technical assistance: Assistance related to the development, production, assembly, testing, repair or maintenance of controlled goods, as well as other technical services that may take the form of instruction, training, transfer of knowledge and skills, or consultancy services, including assistance provided orally.

According to the Foreign Trade Act, foreign trade in controlled goods may be conducted by a legal entity or an entrepreneur with its registered seat in the territory of Montenegro, entered in the register of entities authorised to conduct foreign trade in controlled goods, based on a licence. Licences for export, import, provision of brokerage services and technical assistance are issued by the ministry responsible for foreign trade affairs. Licences for the transit and transport of controlled goods are issued based on an authorisation granted by the state administration authority responsible for internal affairs or civil aviation, with the prior consent of the ministry responsible for foreign trade affairs and the state administration authorities responsible for defence and foreign affairs. Licences are issued for a period of one year.

7.4 Dual-use goods: key regulations

The **Act on the Control of Export of Dual-Use Goods** (*Zakon o kontroli izvoza robe dvostruke namjene*; Official Gazette of Montenegro, No. 145/2025) (the "**Dual-Use Act**") serves as the primary legal instrument governing Montenegro's control regime over dual-use goods. Its objective is to regulate export, transit, brokering services and technical assistance concerning dual-use items, safeguarding the country's defence, security, economic and foreign policy interests while aligning with international obligations. Dual-use goods are defined as items, including software and technology, that may serve both civilian and military purposes, including uses in the development or delivery of weapons of mass destruction.

The Dual-Use Act operates on a licence-based system. The export of dual-use goods listed in the National Control List of Dual-Use Goods (as defined below) requires a permit from the state administration authority competent for foreign trade affairs. Licences are also required for brokering services and technical assistance involving such goods, especially when there is a suspected connection to the use of weapons of mass destruction.

A transit licence for dual-use goods will be issued by the state administration authority competent for internal affairs, with the prior consent of the ministry responsible for foreign trade affairs and the state administration authorities responsible for defence, foreign affairs and the National Security Agency.

Transit of dual-use goods may be prohibited if they are intended for the

development or use of weapons of mass destruction, for military purposes in embargoed countries, for unauthorised export of military components or for activities related to terrorism.

The National Control List of Dual-Use Goods (*Nacionalna kontrolna lista robe dvostruke namene*) is adopted by the Government of Montenegro through the **Decision on Establishing the National Control List of Dual-Use Goods** (*Odluka o utvrđivanju Nacionalne kontrolne liste robe dvostruke namene*; Official Gazette of Montenegro, No. 30/2025) and aligned with EU Dual-Use lists.



The Dual-Use Act provides for four types of licences: individual licences (valid up to one year for a single exporter and end-user), global licences (valid up to one year for a specific type or category of dual-use goods, intended for designated end-users or distributors in one or more foreign countries, provided the exporter or broker is the producer of the goods), large project licences (valid up to four years, for end-users in one or more specified countries, for the purposes of a specific large-scale project) and general licence (for the export of a specific type or category of dual-use

goods to designated destinations, and the provision of technical assistance necessary for their installation, operation, maintenance or repair). Licence applications must be submitted using official forms and must include supporting documents such as End-User Certificate (*Potvrda krajnjeg korisnika*) or International Import Certificates (*Međunarodni uvozni sertifikat*). Approval requires prior consent from the state administration authorities responsible for foreign affairs, defence, internal affairs and the National Security Agency and, in certain cases, the administrative authority responsible for environmental protection. Before any transaction, operators must determine whether goods are dual use. The catch-all clause extends permit requirements to non-listed items if they are suspected to be used for weapons of mass destruction, military use in embargoed countries, illegal arms exports or cybersurveillance intended for repression or rights violations.

Holders of global and general licences must adopt an Internal Compliance Programme (*Program unutrašnje usklađenosti*). All operators are required to keep records for ten years and submit regular reports to the competent ministry.

The Dual-Use Act also allows for specific exemptions, such as temporary exports for fairs, supply of goods to armed forces in defined cases and humanitarian aid.

7.5 Procurement regulations

Public procurement procedures involving military equipment and sensitive security services in Montenegro fall under the **Regulation on the List of Military Equipment and the Procedure for**

Conducting Public Procurement in the Field of Defence and Security (*Uredba o Listi vojne opreme i proizvoda, postupku i načinu sprovođenja javnih nabavki u oblasti odbrane i bezbjednosti*).

This Regulation establishes a dedicated legal framework for so-called "security procurements" and "special security procurements", covering the acquisition of weapons, military equipment and services exclusively intended for defence or security-sensitive purposes.

Contracting authorities include government bodies, public authorities and legal persons in which the state holds a majority stake or finances more than 50 % of operations. Procurement may relate not only to the supply of military goods but also to services and works of a military nature, such as the construction and technical supervision of military infrastructure.

The Regulation defines a specific list of military goods (*Lista 1*) and provides for specialised procurement procedures – including restricted procedures, negotiated procedures with or without publication, and competitive dialogue – to address the confidential or strategic character of such procurements.

These procedures are exempted from certain general public procurement rules under the Public Procurement Law and must be conducted in a manner that ensures security, confidentiality and best value, while remaining compliant with reporting obligations toward the Montenegrin Ministry of Finance and, where applicable, the European Commission.

Contracting authorities are required to maintain detailed records in the electronic public procurement system (*ESJN*) and submit annual statistical reports on all concluded security procurement contracts.

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8 North Macedonia

Although North Macedonia is not a member of the EU, it was granted the status of a candidate country in 2020. While EU law is not directly applicable in the legal system in North Macedonia, the state is in a continuous process of harmonising its national legislation with EU law. This means that relevant EU directives and regulations are transposed and implemented into the domestic legal order through the adoption of new laws or the amendment and supplementation of existing national laws and bylaws.

8.1 Defence goods production and trade: key regulations

Development, Production and Trade of Military Goods Act (Official Gazette of Republic of North Macedonia No. 208/2021 with subsequent amendments; "**DPTM Act**"): The DPTM Act establishes the legal framework for the development, production and trade of military goods. It defines military goods as goods, including software and technology, that are developed, produced, assembled or modified for military purposes, and are listed in the National Military Control List. In this regard, the National Military Control List covers the Common Military List of the European Union, as well as military goods subject to control for reasons related to the defence and security of the state.

The development and production of military goods requires prior consent from the Government of North Macedonia. Trade of military goods, both domestic and

international, requires (i) consent and (ii) a permit from the Ministry of Economy.

Only legal entities registered with the Central Registry of North Macedonia can conduct development and production activities. The authorised persons at these entities must reside within the territory of North Macedonia, unless otherwise prescribed by a ratified international agreement.

Foreign legal entities are permitted to invest in domestic legal entities based on an investment programme and with prior consent obtained from the Ministry of Economy.

Weapons Act (Official Gazette of the Republic of Macedonia No. 7/05 with subsequent amendments): The Weapons Act establishes the framework for various aspects related to weapons and ammunition, including storage, production, repair, deactivation, trade, transportation and cross-border transfer. It also provides definitions for firearms and ammunition. The Act classifies firearms as short firearms, long firearms, automatic firearms, semi-automatic firearms, repeating firearms and others. Regarding ammunition, the Act categorises it as live ammunition, armour-piercing ammunition, explosive ammunition, incendiary ammunition, manoeuvre ammunition, stun ammunition, sleep ammunition and others.

The production and repair of weapons and ammunition may be conducted by trade companies headquartered in the Republic

of North Macedonia. Before registering in the trade register, these companies must obtain approval to engage in such activities. Approval is issued by the Ministry of the Interior, following prior opinions from the Ministry of Defence and the Ministry of Economy. The responsible person at the legal entity seeking approval must be a citizen of North Macedonia and must reside in the country at the time the request is submitted.

Other important provisions: Certain facilities, particularly those for the production of explosives and ammunition, as well as facilities for the construction of vehicles or engines, may require an environmental impact assessment and appropriate permits in accordance with the **Environment Act** (Official Gazette of the Republic of Macedonia No. 53/05, with subsequent amendments). Given that ammunition plants are typically energy-intensive, their operation is regularly governed by energy regulations as well.

8.2 Dual-use goods: key regulations

Development of the defence industry: In North Macedonia, the defence and security industry is undergoing steady development, supported by a combination of legacy infrastructure and new private investments. The sector mainly consists of small to mid-sized enterprises, with several key players serving both domestic and international markets. North Macedonia is becoming increasingly export-oriented in its defence production, supplying ammunition, ballistic protection equipment and specialised machinery. Companies such as ATS Ammunition produce NATO-standard small-calibre rounds, while ATS Ballistics produces protective gear for military and police forces.

ICEMAK contributes through the production of non-lethal munitions and pyrotechnics, and Eurokompozit specialises in combat helmets and ballistic vests. Other firms, including Detonit and Aktiva Engineering, support the sector with explosives and structural components. Finally, ASELSAN, a leading defence enterprise from Türkiye, recently established an office in North Macedonia.

Control of Export of Dual-Use Goods and Technologies Act (Official Gazette of the Republic of Macedonia No. 82/05 with subsequent amendments; "**CEDGT Act**"):
This act regulates the export, brokering and transit of dual-use goods and technologies. It defines the applicable conditions, the roles of competent authorities and the responsibilities of involved parties. Exporting dual-use goods or technologies from North Macedonia requires an export licence issued by the Ministry of Foreign Affairs and Foreign Trade. This includes both items listed and unlisted in the "**Decision on the Determination of the List of Dual-Use Goods and Technologies**" when the competent authorities (e.g. Ministries of Economy, Defence, Interior, Customs) determine that the goods could be used in the development or deployment of chemical, biological or nuclear weapons or their delivery systems.

A licence is also mandatory for unlisted goods when exported to countries subject to UN, OSCE or EU arms embargoes observed by North Macedonia. Licensing applies if there is a notification or a reasonable suspicion that the items may serve a military end use. Exporters who know or suspect that items – even if not included in the official list – might contribute to the proliferation of weapons

of mass destruction or military applications must inform the designated Commission and the Ministry, which then decides if a licence is needed.

Brokering services involving dual-use goods likewise require a licence from the Ministry of Foreign Affairs and Foreign Trade, including unlisted items, when the intended use involves weapons of mass destruction or military applications, or when the destination is an embargoed country. Notably, the "Decision on the Determination of the List of Dual-Use Goods and Technologies" is harmonised with Commission Delegated Regulation (EU) 2024/2547 of 5 September 2024.

Other notable regulations are the **Electronic Communications Act** (Official Gazette of the Republic of Macedonia No. 39/14, with subsequent amendments) and the **Energy Act** (Official Gazette of the Republic of North Macedonia No. 101/25), which, while primarily addressing cybersecurity and network integrity, also intersect with key regulations on dual use and defence goods. The Electronic Communications Act – a new version of which was already passed by the Macedonian Assembly on 27 June 2025 but has not yet entered into force – restricts the import, production, sale, rental and use of radio equipment that could interfere with public electronic communications networks, except where such interference is necessary for defence or national security purposes. As a result, it directly regulates certain dual-use and defence-related technologies. The same provisions would apply under the new version of the law. Similarly, the Energy Act obliges critical energy operators to develop defence and system restoration plans subject to regulatory approval, aligning

with broader defence infrastructure requirements and indirectly impacting the regulation of defence goods and strategic technologies essential for national security.

8.3 Procurement regulations

Public Procurement in the Field of Defence and Security Act (Official Gazette of the Republic of North Macedonia No. 180/19, with subsequent amendments; "**PPFDS Act**"): This Act is harmonised with Directive 2009/81/EC. It regulates the public procurement of goods, services and works in the field of security and defence, in particular:

- procurement of military equipment, including components and sets of equipment;
- procurement of security-sensitive equipment, including parts, components and/or components of equipment;
- works, goods and services directly related to the equipment referred to in the points above for any or all elements of its life cycle;
- works and services exclusively for military purposes or security-sensitive works and services; and
- services or works for specific military purposes.

The PPFDS Act applies to the award of contracts with an estimated value equal to or exceeding (exclusive of VAT): a) EUR 50,000 in MKD equivalent for supply and services contracts, including special

services, and b) EUR 100,000 in MKD equivalent for works contracts.

The Ordinance on the Manner of Awarding Procurement Contracts by the Government of the Republic of North Macedonia with Governments of Foreign Countries (Official Gazette of the Republic of North Macedonia No. 245/2019), as a subordinate legal act adopted to the PPFDS Act, outlines the process for awarding procurement contracts by the Government of the Republic of North Macedonia to foreign governments. Contracts are awarded based on mutually agreed rules and in accordance with the legal framework for classified information. Notably, when contracting with the United States Government, the procedure aligns with the Foreign Military Sales (FMS) process. The request must be submitted to the relevant US implementing agency, the Defence Security Cooperation Agency (DSCA) and the US Embassy.

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9 Poland

9.1 Defence goods production and trade: key regulations

The Act of 13 June 2019 on the performance of business activities in the production and circulation of explosives, weapons, ammunition and products and technology for military or police use lays down the rules for undertaking and carrying out business activity in the aforementioned areas, as well as the rules governing the control of such activities.

According to this Act, conducting business in this field requires obtaining a concession granted by the Minister of Interior and Administration. Such a concession may be applied for by entrepreneurs registered in Poland (sole proprietorships) and companies, provided that the individuals conducting business activity or managing the company – as well as proxies and shareholders holding a significant influence over the business (i.e. at least 20 % of shares or stocks) – meet specific legal requirements. These include, among others: holding Polish citizenship or the citizenship of another EU Member State, Switzerland or a state that is a member of the EFTA; or possessing a permanent residence permit or long-term EU resident status, or residency based on reciprocity (unless excluded by international agreements).

The Act of 29 November 2000 on foreign trade in goods, technologies and services of strategic importance

for the security of the state and for maintaining international peace and security governs the rules for foreign trade in goods, technologies and services of strategic importance to state security (i.e. dual-use goods and armaments), the rules of control and registration of such trade, and the liability for unlawful trading of such goods, technologies and services. A licence is required for providing technical assistance in relation to dual-use goods and for conducting transactions involving armaments (including export, intra-EU transfer, brokerage services, technical assistance, transportation and transit), which are specified in the **Regulation of the Minister of Development and Technology on the list of military equipment subject to licensing**. The competent control authority for this type of trade is the Minister of Economic Affairs.



The Regulation of the Minister of Development and Technology of 4 June 2024 on the list of military equipment subject to licensing sets out the catalogue of military equipment, taking into account the form of transaction and international lists, in particular the Common Military List adopted by the Council of the European Union. Specifically, it transposes Delegated Directive (EU) 2024/242, which amends Directive 2009/43/EC concerning the EU Common Military List, thereby ensuring compliance with EU policies on the control of military goods.

The Act of 26 June 2014 on certain agreements concluded in connection with contracts of fundamental importance to national security sets out the rights and obligations of parties and the rules for concluding contracts related to the production or trade of arms, ammunition or war materials, constituting measures referred to in Article 346(1)(b) of the Treaty on the Functioning of the European Union, necessary for the protection of the essential interests of national security. The performance of such contracts requires offset arrangements – i.e. industrial compensation which Poland may demand from a foreign supplier in exchange for awarding a contract. The offset may take a direct form (e.g. local production of equipment parts, technology transfer, maintenance services) or an indirect form (e.g. investment in unrelated sectors of the domestic defence industry).

The Act applies to contracts concluded by the State Treasury (usually the Ministry of National Defence) with foreign entities, where the subject matter of the contract

concerns military or police-purpose equipment or technologies and where the order is deemed of fundamental importance to state security – as determined by the Minister of National Defence.

The Act of 10 July 2015 on the Military Property Agency provides, among other things, the principles and procedure for transferring state-owned movable property, dual-use items or armaments to the armed forces of foreign states.

Based on a resolution of the Council of Ministers, the Minister of National Defence may, via the Military Property Agency, sell or donate to foreign armed forces:

- state-owned movable property;
- dual-use goods (in accordance with Article 2(1) of Regulation (EU) 2021/821); and
- armaments (in accordance with Article 3(2) of the Act of 29 November 2000 on foreign trade in goods, technologies and services of strategic importance for the security of the state and for maintaining international peace and security).

Moreover, the Military Property Agency may, upon the decision of the Minister of National Defence or the Minister of Interior and Administration, sell or transfer the above-mentioned equipment if it is no longer needed under the control of subordinate units and no longer required for the performance of their duties.

In 2020, Poland introduced the "**Policy for the Development of Artificial Intelligence in Poland from 2020**", following the adoption of strategic documents by several international organisations – such as the Organisation for Economic Co-operation and Development (OECD). However, this AI policy does not cover state activities related to national security and defence; instead, it assumes cooperation between the civilian and military sectors.

9.2 Dual-use goods: key regulations

In Poland, producers of dual-use goods include:

- H. Cegielski – Poznań (specialising in locomotives, ship engines and power generators);
- WB Group (specialising in communications systems, command systems, UAVs and loitering munitions);
- Maskpol S.A. (protective equipment for the military and civilian services, including gas masks, protective helmets, bulletproof vests and protective clothing);
- SKB Drive Tech S.A. (drivetrain systems, cast iron foundry, metalworking and gear unit overhauls);
- Ponar Wadowice (hydraulic systems); and

- BELMA S.A. (explosive safety devices for the chemical and mining industries).

The Act of 29 November 2000 on foreign trade in goods, technologies and services of strategic importance for the security of the state and for maintaining international peace and security requires a licence for the provision of technical assistance in relation to dual-use goods, unless such assistance is provided to an entity domiciled or established within the territory of Poland or concerns strategic goods whose intra-EU transfer starting from Polish territory does not require a licence.

For the export of dual-use items, intra-EU transfer of goods listed in Annex IV to Regulation 2021/821 and the provision of technical assistance, the following types of authorisation apply:

- individual licence – for a specific transaction and recipient;
- global licence – for one exporter and multiple recipients;
- national general licence – in a simplified procedure, for selected countries and goods.

An individual licence is also required for brokerage services involving dual-use items. The competent authority for issuing such licences is the Minister for Economic Affairs.

The Act of 10 July 2015 on the Military Property Agency – please see point 9.1.

9.3 Procurement regulations

The Act of 11 September 2019 – Public Procurement Law regulates procedures for awarding contracts in the fields of defence and security where the value equals or exceeds EU thresholds, by public and sectoral contracting authorities as defined in Article 4 of Directive 2014/24/EU.

Defence and security contracts are defined as contracts awarded by public or sectoral contracting authorities concerning:

- supply of military equipment, including all parts, components, subsystems or software thereof;
- supply of sensitive equipment, including all parts, components, subsystems or software thereof;
- construction works, supplies and services relating to the protection of facilities operated by contracting authorities or related to the life cycle of the equipment listed above.

The procedures for defence and security procurement are separated into a dedicated section of the Public Procurement Law containing special provisions aimed at minimising the risk of disclosing information to unauthorised persons.

This Act does not apply to contracts or public tenders classified as secret under the **Act of 5 August 2010 on the Protection of Classified Information**, or those requiring special security measures under separate provisions, or where this is required by essential state security

interests. However, such exclusions are limited only to the extent that those interests cannot be protected otherwise.

The Public Procurement Law also does not apply to contracts concerning the production or trade of weapons, ammunition or war materials as referred to in Article 346 of the Treaty on the Functioning of the European Union.

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10 Romania

10.1 Defence goods production and trade: key regulations

Law No. 295/2004 on the Regime of Weapons and Ammunition, together with Government Decision No. 11/2018 approving its Methodological Norms, establishes the legal framework governing the acquisition, possession and use of weapons in Romania. This legislation is intended to safeguard public security and ensure compliance with international obligations. It also defines the list of military products subject to regulatory control, in line with the European Union's Common Military List.

Government Emergency Ordinance (GEO) No. 158/1999 regulates the authorisation regime for the export, import and other operations involving military goods. This ordinance establishes the legal framework for the control of international trade – namely the export, import, transit and transfer – of strategic products, including:

- military goods; and
- dual-use items.

It aligns Romania's control system with international standards, including those of the European Union, the United Nations and other arms control agreements.

Government Decision (GD) No. 464/2024, which approves the List of Military Products Subject to the Export,

Import and Other Operations Control Regime, and updates the procedures related to export, import licensing, transit, brokering and control mechanisms involving military goods and dual-use items.

This decision aligns Romania's national legislation with the latest European Union standards. Specifically, it transposes Delegated Directive (EU) 2024/242, which amends Directive 2009/43/EC concerning the EU Common Military List, thereby ensuring consistency with EU policies on the control of military goods.

The National Agency for Export Controls (ANCEX), operating under the Ministry of Foreign Affairs, is the central authority responsible for:

- registering economic operators;
- issuing licences for the export and import of military goods; and
- monitoring and enforcing compliance.

Law No. 122/2011 regulates the possession, use and operations involving weapons, military devices and ammunition held by the Ministry of National Defence (M.Ap.N.) and by foreign armed forces on Romanian territory. It establishes the legal framework for ensuring national security, compliance with international agreements and the safe handling of military equipment. The law aligns Romania's regulations on military equipment with international standards and NATO

requirements, facilitating cooperation with allied forces and ensuring the lawful and secure management of military assets on national territory.

Law No. 232/2016 governs the organisation, functioning and strategic support of Romania's national defence industry. It establishes the legal framework for the research and development, production, modernisation, maintenance, repair and trade of military products and related services, with the objective of enhancing national security.

Under this law, any company intending to operate in Romania – regardless of its ownership structure – may apply for authorisation as an Economic Operator in the National Defence Industry. Once authorised, such companies gain access to a range of strategic benefits aimed at strengthening Romania's defence industrial base, including:

- priority access to public defence contracts and government procurement programmes;
- eligibility for state financial support, including assistance to prevent insolvency or facilitate restructuring;
- legal protections and operational safeguards during periods of crisis or mobilisation; and
- inclusion in national defence planning and long-term strategic programmes.

If a company is expected to handle sensitive, classified or NATO-classified information, it must obtain an appropriate industrial security certificate. To meet this requirement, the company must implement an internal information security management system and develop a security plan, which must be approved by the local police in accordance with **Law No. 333/2003 on the Protection of Premises, Assets and Individuals**. In addition, the company must appoint a dedicated employee responsible for managing classified information and provide access to a secure room equipped with a certified safe.

Romania's legal and strategic framework concerning Artificial Intelligence, Quantum Technologies, Cybersecurity and Electronic Warfare is rapidly evolving to align with European Union priorities and to respond to emerging technological challenges. Recent milestones include **Government Decision No. 1028/2024**, which approves the National Strategy for Quantum Technologies 2024–2029, and Government Decision No. 832/2024, which establishes the National Artificial Intelligence Strategy 2024–2027. Both documents set forth national objectives, funding priorities and implementation mechanisms in these critical areas.

As part of its broader efforts to modernise the national security and defence regulatory framework, Romania adopted **Law No. 58/2023** on Cybersecurity and Cyber Defence. This law, along with amendments to related legislation, strengthens the legal infrastructure for addressing cyberthreats and complements existing trade control provisions governing military and dual-use products.

10.2 Dual-use goods: key regulations

Government Emergency Ordinance (GEO) No. 43/2022 on the Control Regime of Operations Involving Dual-Use Items establishes Romania's national framework for the control of dual-use goods. It transposes the requirements of the European Union's dual-use export control policy into national law. The ordinance ensures alignment with Regulation (EU) 2021/821 on the control of exports, brokering, technical assistance, transit and transfer of dual-use items, thereby supporting a harmonised export control approach across all EU Member States.

Government Decision (GD) No. 464/2024, which approves the List of Military Products Subject to the Export, Import and Other Operations Control Regime, modernises the procedures governing the licensing of exports, imports, transit and brokering of military goods and dual-use items. This decision incorporates the updated List of Military Products and aligns Romania's national control measures with the latest European Union standards. Specifically, it transposes Delegated Directive (EU) 2024/242, which amends Directive 2009/43/EC concerning the EU Common Military List, thereby ensuring consistency with EU policies on the control of military goods.

The National Agency for Export Controls ("**ANCEX**"), operating under the Ministry of Foreign Affairs, serves as the central authority responsible for:

- registering economic operators;
- issuing export and import licences for military goods and dual-use items; and
- monitoring and ensuring compliance with applicable legal provisions.
- Entities engaged in the supply of dual-use items should:
 - comply with all relevant export control legislation;
 - undergo national security screening processes; and
 - obtain the necessary licences or security clearances, as applicable.

10.3 Procurement regulations

The procurement of goods, services and works in the fields of defence and national security is governed by **Government Emergency Ordinance (GEO) No. 114/2011**. This ordinance applies to procurement contracts awarded by public authorities and certain private entities operating in the defence and security sectors. It allows for specific exemptions from the general public procurement framework established by **Law No. 96/2016**, where such deviations are justified by overriding national security concerns. For major military programmes, strategic defence projects or high-value acquisitions, the government may issue targeted decisions establishing bespoke rules for procurement and project implementation.

Furthermore, the acquisition of defence and national security-related goods and services is generally conditional upon the supplier undertaking offset obligations amounting to **at least 80 % of the contract value**. These obligations are governed by **GEO No. 124/2023**, which regulates technological and industrial cooperation in the defence and security sectors, in accordance with EU legislation, and is intended to promote the growth and modernisation of Romania's domestic defence industry.

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11 Serbia

Although Serbia is not a member of the EU, it was granted the status of a candidate country in 2012. EU law is therefore not applicable.

11.1 Defence goods production and trade: key regulations

The primary legal framework governing the production and trade of defence goods in Serbia is the **Production and Trade of Arms and Military Equipment Act** (*Zakon o proizvodnji i prometu naoružanja i vojne opreme*; Official Gazette of RoS No. 36/2018) (the "**Act**").

The Act establishes that the production of arms and military equipment is a strategic activity for the Republic of Serbia. Its purpose is to control and strengthen this sector to protect defence, security, economic and foreign policy interests, as well as to develop the defence technological and industrial base. The key definitions within the Act are:

- Arms and military equipment ("AME") – This refers to lethal, combat and technical means as defined by the Serbian National Control List of Arms and Military Equipment (as defined below), as well as other items, facilities and equipment specially designed or adapted for military use.
- Production of AME – This refers to the strategic activity that encompasses research and development of AME, development

of defence technologies, manufacturing, testing, overhaul, modernisation, demilitarisation, utilisation, construction of production capacities and creation of technical documentation.

- Trade of AME – This refers to the purchase and sale of AME within the country, purchase for resale domestically or abroad, and other associated activities.

According to the Act, the production of AME is strictly limited to legal entities that have obtained a permit issued by the Serbian Ministry of Defence.

This production permit is valid for a period of up to five years and is subject to renewal. Applicants for such permits are required to satisfy an extensive array of statutory criteria, including those relating to production capacity, technical and technological infrastructure, qualified personnel, quality assurance systems, industrial and information security, occupational health and safety standards, environmental protection protocols and fire safety measures.

Entities granted production licences are formally entered into the Register of Producers (*Registar proizvođača*), which is maintained by the Ministry of Defence and is publicly accessible. This ensures the transparency and traceability of authorised producers within the national defence industry. Foreign investments in entities engaged in AME production are

conditionally permitted, subject to the prior consent of the Serbian Government upon the recommendation of the Ministry of Defence. This process requires consultations with relevant ministries and national security services. Ineligible investors include those subject to international restrictive measures or those with a record of illegal activity in the defence sector. Specific restrictions apply to companies designated within the Defence Industry of Serbia group (*grupacija Odbrambena industrija Srbije*), where foreign equity is limited to a maximum of 49 % and no single foreign investor may hold more than 15 % ownership.

The Act imposes stringent industrial security requirements. Producers are obligated to adopt and implement an Industrial Security Plan (*Plan industrijske bezbednosti*), which must be approved by the Ministry of Defence. This plan must include a risk assessment of potential threats and prescribe protective measures for safeguarding AME, production capacities and associated technical documentation. Furthermore, the disclosure of classified information pertaining to AME production is prohibited without the express consent of the Ministry of Defence.

Quality control is overseen by the Ministry of Defence through its designated quality assurance unit. This body is responsible for verifying compliance with applicable standards and technical regulations. Licensed producers must obtain formal certification, including a Certificate of Conformity Control (*Potvrda o kontroli usaglašenosti*) and documented Proof of Quality Compliance (*Dokaz o usaglašenosti sa zahtevima kvaliteta*).

The domestic trade of AME is also regulated under the Act, encompassing a network of stakeholders including state bodies, licensed producers, subcontractors, service providers and entities authorised for the import and export of such goods. The transport of AME is subject to different regulatory requirements based on the classification of the goods. When classified as dangerous, transport is governed by the relevant laws on the carriage of hazardous materials.

In other cases (excluding deliveries for the needs of the Ministry of Defence or the Serbian Military), transport must be approved by the Ministry of Internal Affairs and may require an armed escort for land and maritime movement.

Additionally, the central instrument for the implementation of the Act is the National Control List of Arms and Military Equipment, as defined in the **Decision on Establishing the National Control List of Arms and Military Equipment** (*Odluka o utvrđivanju nacionalne kontrolne liste naoružanja i vojne opreme*) (Official Gazette of RoS, No. 39/2023). This document outlines the specific categories and items constituting AME within the Serbian legal framework.

Finally, the **Decision on Determining Goods for which Permits are Required for Import-Export-Transit** (*Odluka o određivanju robe za čiji je uvoz, izvoz, odnosno tranzit propisano pribavljanje određenih isprava*) (Official Gazette of RoS, Nos. 59/2022, 107/2022, 3/2023, 27/2023, 85/2023, 120/2023 and 13/2025) further elaborates the categories of defence-related goods subject to state controls, with relevant references to both the National Control List of Arms and Military Equipment and the Act.

11.2 Dual-use goods: key regulations

The **Export and Import of Dual-Use Goods Act** (*Zakon o izvozu i uvozu robe dvostruke namene*; Official Gazette of RoS, No. 19/2025) (the "**Dual-Use Act**") serves as the primary legal instrument governing Serbia's control regime over dual-use goods. Its objective is to regulate the export, import, transit, brokering services and technical assistance related to dual-use items, in order to safeguard the country's defence, security, economic and foreign policy interests while ensuring alignment with international obligations. Dual-use goods are defined as items, including software and technology, that may serve both civilian and military purposes, including uses in the development or delivery of weapons of mass destruction.

The Dual-Use Act operates on a permit-based system. The export of dual-use goods listed in the National Control List of Dual-Use Goods (as defined below) requires a permit from the Ministry of Domestic and Foreign Trade, while import is generally free unless the items fall under the Chemical Weapons Convention (*Hemijska konvencija*) provisions. Permits are also required for brokering services and technical assistance involving such goods, especially when there is a suspected connection to the use of weapons of mass destruction. The transit of dual-use goods may be prohibited if linked to the proliferation of weapons of mass destruction.

The National Control List of Dual-Use Goods (*Nacionalna kontrolna lista robe dvostruke namene*) is adopted by the Serbian Government through the **Decision on Establishing the National Control**

List of Dual-Use Goods (*Odluka o utvrđivanju Nacionalne kontrolne liste robe dvostruke namene*; Official Gazette of RoS, No. 19/2025) and aligned with EU lists.

Implementation procedures are further regulated by the **Rulebook on the Form and Content of Permit Requests, Permits and Accompanying Certificates** (*Pravilnik o obrascu i sadržaju zahteva za izdavanje dozvole, obrascu dozvole, obrascu i sadržaju sertifikata i potvrda koji prate izvoz i uvoz robe dvostruke namene*; Official Gazette of RoS, No. 9/2014), which provides standardised forms for applications and supporting documents.

The Dual-Use Act provides for three types of permits: **individual permits** (valid up to two years for a single exporter and end-user), **global permits** (valid for three years and covering multiple end-users or destinations) and **large project permits** (valid up to four years, for complex or long-term projects, either individual or global). Permit applications must be submitted using official forms and must include supporting documents such as End-User Certificates (*Potvrda krajnjeg korisnika*) or Import Certificates (*Potvrda međunarodnog uvoznog sertifikata*). Approval requires prior consent from the Ministry of Defence, Ministry of Foreign Affairs, Ministry of the Interior and the security agency, based on international obligations, national security, regional stability and human rights considerations. Before any transaction, operators must determine whether goods are dual use. The catch-all clause extends permit requirements to non-listed items if they are suspected to be used for weapons of mass destruction, military use in embargoed countries, illegal arms exports or

cybersurveillance intended for repression or rights violations. Holders of global and large project permits must adopt an Internal Compliance Programme (*Interni program usklađenosti*). All operators are required to keep records for ten years and submit regular reports to the Ministry of Domestic and Foreign Trade.

The Dual-Use Act also allows for specific exemptions, such as temporary exports for fairs, supply of goods to armed forces in defined cases and humanitarian aid.

11.3 Procurement regulations

Public procurement in Serbia's defence and security sectors is primarily regulated by the **Decree on Public Procurement in the Field of Defence and Security** (*Uredba o javnim nabavkama u oblasti odbrane i bezbednosti*; Official Gazette of RoS, No. 93/2020) ("**Decree**").

This Decree was adopted pursuant to the authorisation granted by the general **Public Procurement Act** (*Zakon o javnim nabavkama*; Official Gazette of RoS, Nos. 91/2019 and 92/2023) ("**PPA**").

The Decree governs the procurement of military and security-sensitive equipment, including related goods, services and works throughout their entire life cycle. It applies when procurements meet the prescribed value thresholds and are classified as secret data, in accordance with the PPA. It prescribes special procedures such as restricted and negotiated procedures, with or without prior publication. The use of the procedure without publication is strictly limited to exceptional circumstances, including urgency, crisis, exclusivity, or research and development needs.

Contracting authorities must define measures for the protection of classified information and bidders may be required to

hold security clearances. They may also impose conditions to ensure security of supply, including uninterrupted delivery, maintenance and modernisation. Bidders must satisfy specific qualification criteria and demonstrate reliability to prevent risks to national security. Authorities may require up to 30 % of the agreements to be subcontracted to third parties, supporting broader industrial participation and economic contribution. Where procurements do not meet the Decree's conditions (such as classification or value thresholds), the general provisions of the PPA apply. The PPA also provides exemptions for procurements under international agreements, intelligence needs and cases involving national security or secrecy. In mixed procurements (including those potentially involving dual-use goods), the dominant element determines whether the PPA or its exemptions apply. Even when procedural rules are excluded, fundamental public procurement principles must still be followed.

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12 Slovakia

12.1 Defence goods production and trade: key regulations

Act No. 392/2011 Coll., on Trade in Defence Industry Products and on Amendments to Certain Acts, as amended, primarily governs the production and trade of defence goods in the Slovak Republic. This act regulates the conditions for the production, brokering, import, export and intra-EU transfer of military material, and transposes Directive 2009/43/EC, which simplifies the terms and conditions for transfers of defence-related products within the Community.

The competent licensing authority is the Ministry of Economy. Licences are mandatory depending on the nature of the activity (e.g. production, trading or brokering). In case of pure production of defence goods, a free trade licence is also required, which is generally easy to obtain. Defence goods are defined in accordance with the EU Common Military List; however, the Slovak authority applies a broader definition, as the legal definition is very expansive and covers:

- any products, their functional parts, accessories and spare parts which, by virtue of their characteristic technical and design features, are specifically intended for use in the armed forces, armed security forces or other armed forces, and which are used in the provision of defence and security tasks;

machinery, equipment and capital items produced, modified, equipped or constructed specifically for military purposes, in particular for the development, production, inspection, decommissioning, disposal and testing of other products, their components and spare parts referred to in the point above;

- services provided or received in connection with the defence articles referred to in the points above, in particular the carrying out of repairs, modifications, storage and transport of the products, as well as the provision of information, the sending of experts for the purpose of research, development, design, construction, production, modification, repair, maintenance, decommissioning, disposal, use and control of defence articles, except those subject to a special regime.

Act No. 144/2013 Coll., on Trade in Specified Products, as amended, provides for additional regulations relating to the trade and other activities involving specific defence goods, such as firearms, ammunition, optical apparatus, explosives, pyrotechnic articles and apparatus for jamming electronic signals.

Act No. 143/1998 Coll., on Civil Aviation (Aviation Act), as amended, governs the use and operation of UAVs for military purposes. Military UAV operations require coordination with the Ministry of

Defence and air traffic control authorities. In the area of AI, quantum, cyber and electronic warfare technologies, controls are applied under Regulation (EU) 2021/821, which establishes a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items. Where technologies have both military and civilian applications, their export is subject to licensing. Research and development activities in these domains are monitored by the National Security Authority.

Act No. 497/2022 Coll., on the Screening of Foreign Investments, as amended, regulates the screening of foreign direct investments ("FDI") in sensitive sectors, including defence goods.

12.2 Dual-use goods: key regulations

Trade in dual-use goods is regulated by **Act No. 39/2011 Coll., on Dual-Use Goods, as amended**, which transposes Regulation (EU) 2021/821. Dual-use goods are defined as items, software or technologies with potential military and civilian applications.

Exporters must obtain a licence from the Ministry of Economy, which supervises compliance with EU and international obligations, including those under the Wassenaar Arrangement, the Australia Group and the Chemical Weapons Convention. Licences are subject to end-use and end-user controls and, in some cases, post-shipment verification.

Sensitive technologies fall under **Act No. 215/2004 Coll., on Protection of Classified Information, as amended**, restricting transfers of classified or security-relevant information.

Under **Act No. 497/2022 Coll.**, foreign investments in strategic dual-use sectors are subject to FDI screening. This applies particularly to acquisitions that may affect public order or national security.

Technical assistance and intangible transfers (e.g. software, know-how) involving controlled dual-use technologies are subject to the same licensing requirements. Universities and research institutions are expected to implement internal compliance programmes to prevent unauthorised transfers.



12.3 Procurement regulations

Public procurement in defence and security sectors is governed by **Act No. 343/2015 Coll., on Public Procurement, as amended**. Sections 126 to 139 contain special provisions transposing Directive 2009/81/EC and apply to defence and security-related contracts. The Ministry of Defence is the primary contracting authority. Procurement procedures may be exempted on grounds of national security, government-to-government contracts or where classified information is involved. Supervision is exercised by the Public Procurement Office, which is obliged to ensure compliance with the principles of transparency, equal treatment and proportionality, while safeguarding essential defence interests.

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13 Slovenia

13.1 Defence goods production and trade: key regulations

The **Defence Act** (*Zakon o obrambi*), which serves as the primary piece of legislation in Slovenia's defence sector, regulates the production, trade and brokering of military weapons and equipment. Under this Act, entities engaging in such activities must obtain the appropriate authorisation from the Ministry of Defence ("**MORS**"). A permit is required for the trade, export, import or transit of military weapons and equipment, while their production (including that of individual components) requires prior consent.

The Defence Act stipulates that the permit for any export, import or transit of military weapons and equipment across the territory of Slovenia may be denied or revoked if:

- it would jeopardise Slovenia's international obligations;
- it would pose a threat to national security or defence interests;
- it would promote or enable armed conflicts in the end-user country; or
- there is a justified suspicion that the imported military goods might be resold to a third country in violation of Slovenia's security or defence interests.

The Defence Act mandates MORS to annually report to the government on all issued permits for import, export and transit of military weapons and equipment. Additionally, entities holding production consent or a trade permit may be required to fulfil certain obligations during wartime, as prescribed by MORS.

The procedure to obtain appropriate permits or consent pursuant to the Defence Act is further regulated by the **Regulation on Consents for Production and Permits for Trade in Military Weapons and Equipment, and Prior Authorisations for Import, Export, Transit and Transfer of Defence Products** (*Uredba o soglasjih za proizvodnjo in dovoljenjih za promet z vojaškim orožjem in opremo ter predhodnih dovoljenjih za uvoz, izvoz, tranzit in prenos obrambnih proizvodov*).

This Regulation specifies sub-categories of applicable permits and consents (i.e. a production consent, a trade permit, an individual deal permit and an intra-EU transfer permit), as well as certifications (confirming the reliability of the recipient of defence products in Slovenia). To obtain any such permit or consent, the entity must be incorporated in Slovenia. In general, the production consent and trade permit are permanent (issued once and for an indefinite period), while other types of permits must be obtained for a specific transaction or a set of transactions.

The Regulation also sets out grounds for the limitation or revocation of permits or

consents (including, depending on the type of consent or permit, non-conformity with the consent or permit or applicable regulations, and reasons related to the protection of essential security interests). Furthermore, the Regulation also specifies the categories of goods that fall under the scope of the permitting regime, in line with the EU Common Military List.

In addition, the **Arms Act** (*Zakon o orožju*) governs the acquisition, possession, carrying, trade and transfer of weapons for non-military use. In line with the EU legislation, it categorises weapons into different classes, including firearms, ammunition and certain types of bladed weapons. Among other things, it regulates the permitting process for the trade and transfer of weapons, which is required for entities involved in the trade of weapons and ammunition, as well as for the cross-border transfer of weapons.

Other important provisions: Companies engaged in the production of military weapons, ammunition or vehicles must adhere to numerous technical norms and standards. Certain facilities for vehicle or engine construction may, for example, require an Environmental Impact Assessment (EIA).

13.2 Dual-use goods: key regulations

Slovenia's industrial sector contributes roughly 24 % of the country's gross domestic product (GDP), and more than 99 % of Slovenian businesses are small and medium-sized enterprises, many of which operate in manufacturing and other industrial fields. Slovenia's economy is also highly export-oriented, with exports accounting for around 94 % of its GDP.

This landscape, among other things, includes producers of dual-use goods such as UAVs, industrial automation systems, and specialty steel and alloys.

The **Act on the Control of Exports of Dual-Use Goods** (*Zakon o nadzoru izvoza blaga z dvojno rabo*) transposes and enforces the EU's dual-use export control policy into national law. It regulates control measures for dual-use goods in areas not covered by EU regulations or where such regulations allow Member States to adopt additional national provisions.

It establishes control measures concerning export, intra-EU transfer, transit, brokering and the provision of technical assistance for dual-use goods, as well as procedures for issuing import certificates related to such goods. Oversight authority rests with the Ministry of Economy, which grants export permits according to Regulation (EU) 2021/821. The Act also sets up a governmental committee with representatives from various ministries to supervise dual-use exports.

The **Regulation on Procedures in the Field of Dual-Use Goods Export Control** (*Uredba o postopkih na področju nadzora izvoza blaga z dvojno rabo*) lays out processes for the issuance of permits, certificates and transit bans for dual-use goods and cybersurveillance items. Among other provisions, it imposes reporting obligations on permit or certificate holders, due diligence requirements when exporting cybersurveillance goods, and rules for registration, prohibition and reuse of Union General Export Authorisations. It also establishes the mechanism to notify exporters when they require an export permit for items not listed on the EU control list but included on the national list.

Based on the Dual-Use Act and Regulation (outlined above), the Ministry of Economy published a **Notice on export control of additional goods** (*Obvestilo o nadzoru izvoza dodatnega blaga*), which identifies additional goods (not included in Annex I of Regulation (EU) 2021/821) that require an export permit. These additional goods include certain semiconductor and quantum computing technologies, advanced electronic equipment, specialised testing and manufacturing tools, and software used for semiconductor design and processing.

The **Act on Restrictive Measures Imposed or Implemented by the Republic of Slovenia in Accordance with Legal Acts and Decisions Adopted within the Framework of International Organisations** (*Zakon o omejevalnih ukrepih, ki jih Republika Slovenija uvede ali izvaja skladno s pravnimi akti in odločitvami, sprejetimi v okviru mednarodnih organizacij*) governs restrictive measures that Slovenia enacts or implements pursuant to international legal acts and decisions. It grants the government authority to introduce or enforce such restrictive measures by regulation.

As a more targeted regulatory instrument, the **Act on the Control of Strategic Goods of Special Importance for Security and Health** (*Zakon o nadzoru strateškega blaga posebnega pomena za varnost in zdravje*) regulates production and trade of strategic goods in Slovenia. These goods include chemicals, microorganisms (including viruses and fungi), toxins (poisons), equipment and technologies that can be utilised in the production or deployment of weapons of

mass destruction ("WMD") or are otherwise critical to their development and control. Before commencing any strategic activity (e.g. development, production, trade or transit of strategic goods), entities must notify the competent authority or obtain a permit, if required. Permits are issued for a limited period of up to five years and may be renewed. Permitted uses of strategic goods include industrial, agricultural, pharmaceutical, medical or scientific research purposes, as well as other peaceful uses, protection against WMD, non-WMD-related military applications that are not reliant on toxic or virulent properties for combat, and maintaining public order as defined by specific regulations.

13.3 Procurement regulations

Public procurement in the fields of defence and security in Slovenia is regulated by the **Public Procurement Act in the Field of Defence and Security** (*Zakon o javnem naročanju na področju obrambe in varnosti*). Its purpose is to ensure transparent, competitive and equitable procurement processes for acquiring military equipment – including weapons, ammunition, war material, related parts and components – and related services, transposing Directive (EU) 2009/81/EC. Military and security procurements generally require publication for contract values starting at EUR 40,000 for goods and services, and EUR 80,000 for construction works.

Certain contracts, including those whose disclosure could compromise essential national security interests under Article 346 of the Treaty on the Functioning of the European Union ("**TFEU**") or those

pertaining to intelligence and counterintelligence activities, are exempt from this regime. However, they must still comply with regulations regarding the method of specifying their subject matter and reporting statistical data. Whether a specific contract falls under such an exemption is determined by an interministerial body.

Contracting authorities may place requirements on economic operators to safeguard confidential information disclosed during the bidding and contract award stages. According to the latest Statistical Report on Public Procurement in Slovenia (for the year 2023), 128 contracts, totalling around EUR 155m and representing around 2.5 % of all public procurement by value that year, were conducted in the defence sector under the Public Procurement Act in the Field of Defence and Security.

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