

**ANNUAL REPORT ON THE IMPLEMENTATION OF THE  
AGREEMENT ON CONFIDENCE- AND SECURITY-BUILDING  
MEASURES IN BOSNIA AND HERZEGOVINA  
(ARTICLE II, ANNEX 1-B, AND THE AGREEMENT ON  
SUB-REGIONAL ARMS CONTROL (ARTICLE IV, ANNEX 1-B,  
DAYTON PEACE ACCORDS))**

For the year 2003

**Introductory Remarks**

This year has seen substantive changes, positive changes, in South Eastern Europe. The defence reform initiatives in Bosnia and Herzegovina are an important contribution with regard to that country's efforts on European integration and the Partnership for Peace programme. The Parties to the Article IV Agreement successfully concluded negotiations on modalities for inspections by the State of Bosnia and Herzegovina. These first-ever inspections by Bosnia and Herzegovina occurred in October of this year. In short, both agreements were implemented fully this year and in an environment of trust, openness and transparency.

**Section I. Implementation**

**Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina (Article II).**

1. Inspections/Visits to Weapons Manufacturing Facilities. Ten inspections were conducted this year; five were led by the OSCE. Seventeen countries contributed by either leading inspection teams or providing experts. Four visits to weapons manufacturing facilities took place, supported by experts from six OSCE countries. The inspection regime is implemented in accordance with agreement provisions.
2. Annual Exchange of Information. Despite the extensive defence reform initiatives, annual information exchanges are accurate and continue to improve.
3. Voluntary Measures. Once again, the Parties were actively engaged in voluntary programmes. Listed below are a few of the more significant activities this year:
  - (a) *Code of Conduct.* Finland and Sweden, once again, provided experts for Code of Conduct seminars. The target audience was junior and mid-level officers. As in the previous such seminars, the participants were actively engaged in the post lecture discussions.

- (b) *Disaster relief exercise.* In February of this year the first Command Post Exercise took place involving military and civilian representatives from the State of Bosnia and Herzegovina, the two Entities and the respective local municipalities. The exercise simulated a natural disaster occurring along the Inter-Entity Boundary Line requiring close co-operation between the two Entity military and civilian authorities. As an initial exercise, this event was a great success. The working group which designed the exercise made tremendous progress in harmonizing the respective Entity and the State procedures. Subsequent “lessons learned” provided areas which require improvement. A follow-on combined Command Post and Field Training exercise is planned for April 2004.
- (c) *Seminar on Economic Aspects of Security.* This is a follow-on to the seminar held last year in Portoroz, Slovenia. A variety of international experts came together with members of the government of Bosnia and Herzegovina, as well as Entity representatives, to discuss how best to utilize scarce defence resources to improve economic stability and growth. Proceedings will be published by the end of this year. A number of OSCE Ambassadors participated either as moderators or speakers, such as the Ambassadors from Bosnia and Herzegovina, Croatia and Serbia and Montenegro. Additionally, the Co-ordinator of OSCE Economic and Environmental Activities attended and gave a presentation. A third seminar is planned for 2004.
- (d) *Naval Post Graduate School, Monterey, California.* Members of the Joint Consultative Commission travelled to the Naval Post Graduate School to give a presentation at the Defense Language Institute’s Senior Leadership Development Program for senior military officers assigned to Bosnia and Herzegovina.

4. Summary. The Parties held a fourth review conference in February of this year. Notable decisions taken include maintaining the OSCE Personal Representative as chairman of the Joint Consultative Commission; a decision to explore exchanging information on air defence systems, and a decision to further define the terms: “Unusual Military Activities” and “Hazardous Incidents of a Military Nature”. This past year can best be described as twelve months of complete co-operation, transparency and goodwill. Finally, during the 41st meeting of the Joint Consultative Commission, the Parties agreed to hold the fifth review conference in June 2004 to assess the impact, if any, of defence reform initiatives on the implementation of the Article II Agreement.

**Agreement on Sub-Regional Arms Control (Article IV, Annex 1B, General Framework Agreement for Peace in Bosnia and Herzegovina): Article IV Agreement**

1. Inspections. Fifteen inspections were conducted this year and twenty-five countries provided Assistants.

2. Annual Information Exchange. As noted with Article II, the Parties are undergoing extensive reform and restructuring but the information exchanges are accurate and continue to show improvement.

3. Summary. This year has seen remarkable achievements by the Parties to this agreement. Namely, Exemptions. One of the two remaining two categories was resolved: armaments limited by the Agreement (ALA) in the category of research and development and progress was made on the final category (ALA held by organizations designed and structured to perform in peacetime internal security functions.) This final category requires revision of laws and/or regulations, however, the Parties have committed themselves to resolving this issue.

*Reduction of equipment*. All Parties to this agreement are undergoing a process of restructuring of the armed forces, as well as demobilization of personnel. The end result is excess equipment. Agreement was reached that for any further reduction of equipment, the Party conducting the reduction will notify the other Parties who may send observers to verify the process. This is a purely voluntary notification but it is a sign of the goodwill and transparency existing among the Article IV Parties.

*Updating the Agreement*. The Parties agreed to update the Agreement on Sub-Regional Arms Control by incorporating, as footnotes, those decisions taken by the Commission, and at the three review conferences which have substantially affected the inspection process or the overall implementation of the agreement. The core document remains unchanged; the updated version is for those persons who routinely conduct inspections or who are involved in the overall implementation of the agreement.

*Point of Entry*. This issue was resolved this year when the Parties agreed to accept the principle adopted by the Parties to the Treaty on Conventional Armed Forces in Europe, namely, that points of entry can only be declared on the territory of the inspected Party.

Last but not least, inspections by the State of Bosnia and Herzegovina. This issue has been well documented since 1996 when the Article IV Agreement was signed. The Parties reached agreement this year on the modalities of the inspection and the first one occurred on 14 October in Croatia. The team chief was led by a Colonel from Republika Srpska and the team was composed of two representatives from the three constituent peoples of Bosnia and Herzegovina. This initial inspection was a remarkable success for two reasons: team composition (an equal representation) and it was the first ever international inspection by the State of Bosnia and Herzegovina.

## **Section II: Future Activities**

### **Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina (Article II)**

The Personal Representative recently discussed with the members of the Joint Consultative Commission to the impact of the defence reform initiatives on the implementation of the Article II Agreement. The Parties, in consultation with the Personal Representative, are carefully considering the possibility discontinuing certain provisions of the agreement that are either no longer relevant or that are inconsistent with the planned defence reform initiatives. That being said, Measure XI, the programme of voluntary activities — which is the basis for a number of ongoing initiatives, such as disaster relief exercises, seminars on code of conduct and economic security, and defence reform — will be maintained. In fact, code of conduct seminars and a third seminar on economic security are planned for 2004 and more extensive field training/command post exercise is planned as a follow-on to the command post exercise held in February of this year. Discussions are underway to determine if some definitions can be improved, such as “Unusual Military Activities” and “Hazardous Incidents of a Military Nature”. Finally, during the last meeting of the Joint Consultative Commission, agreement was reached that the Parties would maintain the Personal Representative as Chairman of the Commission. Additionally, more responsibility for oversight of the Article II Agreement will be transferred from the Office of the Personal Representative to the OSCE Mission to Bosnia and Herzegovina, specifically, to the Department for Security Co-operation.

#### **Agreement on Sub-Regional Arms Control (Article IV)**

A fourth review conference will be held next year to discuss the implementation of the Agreement. With the resolution of the last remaining exemption category and the resolution of inspections by the State of Bosnia and Herzegovina, the Parties have resolved all open items and focus will move to ways, if any, the Agreement can be improved.