

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

1 January to 30 November 2001

**Introductory Remarks**

I am very pleased to report the continued successful implementation of the Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina (Article II) and the Agreement on Sub-Regional Arms Control (Article IV).

This report is divided into two sections: Implementation and Future activities.

**Section I: Implementation**

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

1. Inspections/Visits to Weapons Manufacturing Facilities. Twenty-six (26) inspections were conducted this year. Twenty-six OSCE countries contributed by either leading teams or providing experts. Six (6) visits to Weapons Manufacturing Facilities took place. On the whole, the inspection regime is implemented regularly and professionally.
2. Annual Exchange of Information. Annual Information Exchanges continue to show marked improvement in transparency, completeness of data and compliance with the agreed formats.
3. Decisions taken during meetings of the Joint Consultative Commission and the Third Review Conference
  - (a) The Parties adopted a *Protocol on Aerial Observation* which supports Measure III (Risk Reduction). Several nations, most notably Denmark, the Czech Republic and France, were actively involved in trial flights to validate the provisions of the Protocol.
  - (b) The *Protocol on Existing Types of Equipment (POET)* was updated this year. Equipment was deleted from the Armoured Personnel Carrier, Artillery, and

- Combat Aircraft categories; equipment was added to the Armoured Infantry Fighting Vehicles and Look-Alike categories. The POET is updated as required.
- (c) The *Protocol on Exchange of Information and Notifications* was updated. In future, the Parties will include lists of historical collections, weapons manufacturing facilities and a list of holidays. Other technical improvements were agreed.
  - (d) The Parties updated the *Protocol on Weapons Manufacturing Facilities* and agreed on a definition of “weapons manufacturing facilities”.
  - (e) Perhaps one of the more substantive decisions taken this year was to update the actual Agreement. The Article II Agreement was signed on 26 January 1996. Since that time, the Joint Consultative Commission has met on more than 35 occasions, and three times for a Review Conference. Throughout this period, decisions were taken that effect implementation. Therefore, the Parties agreed that it was necessary to update the Agreement to reflect those decisions. The updated version is primarily for “operational” use, to assist those persons who are most actively involved in inspections, etc. The basic agreement remains unchanged.
4. Voluntary Measures. The Parties were actively engaged in voluntary programmes. Listed below are some of the more important activities this past year:
- (a) Code of Conduct. Germany, Finland and Romania provided experts who conducted three Code of Conduct seminars. One can note a marked increase in the active participation of the attendees and the level of interest. Similar seminars are programmed for next year.
  - (b) Aerial Observation Exercises. As previously noted, two such exercises occurred this year that were designed to validate the provisions of the Protocol on Aerial Observation. Although the original intent of this regime was to augment the Risk Reduction Measure, the Protocol has been expanded to consider flights in support of humanitarian efforts (within Bosnia and Herzegovina).
  - (c) Inspector Training. The NATO School at Oberammergau continues to support Dayton by providing courses for inspectors. Inspector training courses will continue for the foreseeable future. In order to avoid overlap and duplication, it would be useful if all bilateral, and other, initiatives are co-ordinated with the office of the Personal Representative.
  - (d) Working Group on Common Manuals. This group is tasked with developing written procedures governing the movement of the respective Entity Armed Forces when crossing the Inter-Entity Boundary Line to provide assistance during natural or man-made disasters.

- (e) Audits. After almost two years, audits of the budgets of the Ministries of Defense of the Entity Armed Forces occurred. The Federation of Bosnia and Herzegovina allowed a team of international auditors to examine their MOD records. Republika Srpska conducted an internal audit without the assistance of international auditors. Both audit reports remain within the respective Ministries of Defense. Republika Srpska and the Federation of Bosnia and Herzegovina have been congratulated for this exercise in confidence building, and will be encouraged to become even more open and transparent in the future.

5. Summary. Implementation of the Protocol on Verification and the Exchange of Information and Notifications continues almost flawlessly. As in any inspection regime, problems occur; however, given the unique environment in which this Agreement is implemented, it is remarkable that the Parties are able to conduct their inspections so routinely and without difficulty. In that regard, I wish to state my appreciation for SFOR, in particular to Lieutenant General Sylvester, for the tremendous support and co-operation from him and his staff. The Parties can be congratulated for the various protocols that were adopted this past year and for the substantive decisions taken during meetings of the Joint Consultative Commission and the third Review Conference. Military Liaison Missions continue to be a topic of discussion. The original concept of these missions has been overcome (positively) by events. Senior military commanders of the respective Entity Armed Forces have direct contact and are actively engaged in the Joint Military Committee. The Joint Consultative Commission is considering how best to effectively use Military Liaison Missions.

Lastly, particularly noteworthy in this report is the lack of reference to political disturbance as has often been noted in the past. Early in the year, certain Croat representatives within the Federation's Ministry of Defense departed their posts, including a large number of soldiers and officers. However, implementation of the Agreement was not negatively impacted.

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

1. Inspections. Inspections are conducted as scheduled (except as noted below.)
2. Annual Exchange of Information. The quality of the Annual Information Exchange continues to improve each year, namely, in the accuracy of the data.
3. Summary. On the whole, the Article IV Agreement is implemented fully, with one exception: inspections by Bosnia and Herzegovina. The Agreement provides all Parties the right to conduct inspections. However, Bosnia and Herzegovina has not been able to conduct such inspections. Technical problems were completely solved when the Federation of Bosnia and Herzegovina donated one inspection quota to Bosnia and Herzegovina. Only "political" obstacles prevent inspections by Bosnia and Herzegovina. Republika Srpska remains the sole Party blocking these inspections.

## **Section II: Future Activities**

### **Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina**

Due consideration is being given to the streamlining process of the international organizations in Bosnia and Herzegovina. I will continue to work closely with the other international organizations in Sarajevo to minimize overlap and to ensure that I am in harmony with the collective end-state. Once again, I will note that a very close co-operation exists with SFOR and OHR. An even closer co-operation exists between myself and Ambassador Beecroft. One of my long-term goals is to steadily increase state-level organizations and institutions within Bosnia and Herzegovina. Regarding implementation of the Agreement, my main focus continues to be overseeing the inspection regime, although more attention is devoted to voluntary measures. It is through these voluntary measures that true confidence and security is developed. Thus, I will continue to actively encourage the Parties to participate in any activity that promotes confidence and transparency. I will continue to push for greater transparency of the military budgets and promote Code of Conduct seminars.

### **Agreement on Sub-Regional Arms Control**

Although the strict arms control measures of this Agreement are being implemented, I believe that some improvement can be achieved. I will continue to encourage the Parties to explore the possibility of decreasing the numbers of equipment currently held in exempted categories. I will support any effort to introduce confidence- and security-building measures designed to increase openness and transparency.

## **Conclusion**

The Parties to both Agreements continue to improve implementation and annual information exchanges. While the OSCE continues to provide support to both regimes, support is not an absolute necessity for successful implementation. I look forward to a future when the OSCE's involvement in the implementation of both regimes is decreased and the Parties have assumed more ownership of their respective regimes.

In conclusion, I wish to thank the many OSCE countries who consistently support the Dayton Peace Process and encourage that support once again this next year. In particular, though, I wish to thank the countries who have seconded officers to the staff of the Personal Representative this past year, and in previous years.