

REPORT TO THE FIFTEENTH MEETING OF THE OSCE MINISTERIAL COUNCIL ON THE IMPLEMENTATION OF THE AGREEMENT ON SUB-REGIONAL ARMS CONTROL (ARTICLE IV, ANNEX 1-B, DAYTON PEACE ACCORDS)

(For the year 2007)

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1. Introduction

Many changes have taken place in the region in the past two years. Despite the fact that this report is to highlight the activities that occurred during the current year, I would like to take the opportunity to include also at least those significant events which took place in 2006 and produced substantial results in the implementation of the Agreement on Sub-Regional Arms Control, Article IV, Annex 1-B, of the Dayton Peace Accords. Before doing that, I think I need to briefly recall some facts about my mandate.

The Personal Representative of the Chairman-in-Office for Article IV promotes the fulfilment of some key aspects of the Dayton Peace Accords.

Without reverting to the basic content of the aforementioned peace settlement, under Annex 1-B, the OSCE is charged with assisting the Parties in the implementation and verification of the agreed measures on sub-regional arms control. Broadly speaking, the Personal Representative's role is to broker political consensus, ensure that the process flows smoothly, and surmount obstacles to the Agreement's implementation.

In consultation with the Parties to the Agreement, which today are Bosnia and Herzegovina, the Republic of Montenegro, the Republic of Croatia and the Republic of Serbia, the Personal Representative daily assisted the implementation specifically by:

- Co-ordinating the schedule of the mutual inspection missions;
- Co-ordinating with OSCE contributing countries to provide assistants for the inspection missions;
- Co-ordinating offers for and supporting training;
- Receiving and analysing data exchanged and notifications.

2. Summary of main developments

In 2006, the Parties came together four times at the political level for ordinary and extraordinary meetings of the Subregional Consultative Commission (SRCC), which is the forum governing the Agreement. The heads of delegations were representatives from the ministries of foreign affairs, who were accompanied by representatives from the respective defence departments responsible for military policy.

They also met on 16 June 1996 in Florence at the fifth biennial Review Conference to mark the tenth anniversary of the signing of the Agreement, to take stock of the general situation and map out the way ahead.

At the experts level, they conducted two working group sessions to prepare decisions for the SRCC meetings and the Review Conference.

In 2007, the Parties met three times for ordinary Commission meetings, two times for ordinary working group sessions and three times for extraordinary working group sessions. Another working group session at the experts level is scheduled to be held before the end of the year, and then the Annual Exchange of Information will take place in December in Vienna.

All these Commission meetings and working group sessions were chaired by the Parties on a rotational basis and the decisions were taken by consensus. My office assisted the Parties substantially during all the sessions, and the Contact Group countries participated as observers in all the meetings of the SRCC at the military adviser level.

The most important developments occurred during the period from the beginning of 2006 up to 10 November 2007, the date of closure of this report, and can be summarized as follows:

(a) Defence unification in Bosnia and Herzegovina

In 2006, when the MoD entities in Bosnia and Herzegovina transferred their rights, obligations and responsibilities to the State level of Bosnia and Herzegovina, the Parties agreed on significant legally binding amendments for the further implementation of the Agreement.

In 2003, the BiH defence reform was initiated in order to hand over the responsibilities from the entities Republica Srpska and Federation of BiH to the State level. The new law entered into force on 28 December 2005, with the most important effect starting from 1 January 2006, when:

- Entity MoDs and commands were taken over by BiH at the State level;
- A new single defence budget was established;
- The complete reorganization of the armed forces started.

The Law on Defence in Bosnia and Herzegovina foresees a two-year transition period, ending on 31 December 2007, even if, according to the current state of affairs, there could be the possibility of some delays in the definition of the new armed forces structure.

As a consequence, with the entry into force of the new Law, the Article IV Agreement had to be updated. Then, with the assistance of my office and with the constant support of the Contact Group countries, on 10 March 2006, during the 34th SRCC meeting in Zagreb, the Parties approved and signed, at governmental level, six legally binding amendments to the Florence Agreement on Sub-regional Arms Control.

Subsequently, in April 2007, implementation of the new State-level conditions resulted in the establishment of the Verification Agency at the State level, which replaced the previous two verification centres of the entities. Currently, this new organism is operating but it is not yet completely staffed and technically equipped as foreseen. The BiH defence authorities firmly intend to have it fully operational for all confidence-building measures and arms control matters as soon as possible. In the meantime, the OSCE Mission to Bosnia and Herzegovina in Sarajevo, and specifically its Department for Security Co-operation, is supporting the BIH Verification Centre in all tasks related to arms control matters.

(b) Independence and integration of the Republic of Montenegro

The Republic of Montenegro became an independent Party to the Agreement as of 16 January 2007.

On 6 July 2007, in Podgorica, the Governments of the Republic of Montenegro and of the Republic of Serbia signed a bilateral Agreement on the Principles and Procedures for the Implementation of the Agreement on Sub-Regional Arms Control.

In October 2007, the Parties welcomed the timely conclusion of the negotiations between the Republic of Montenegro and the Republic of Serbia and decided that a formal amendment to the Agreement reflecting the division of the Article IV entitlements between the two aforementioned Parties needed to be prepared. The office of the Personal Representative drafted the document, which has been distributed to the Parties for their consideration, with a view to the subsequent signature at government level and respective internal ratification processes.

The bilateral Agreement on the Principles and Procedures for the Implementation of the Agreement on Sub-Regional Arms Control was negotiated with the assistance of my office. After its signature, it was distributed through my office to the Chairman-in-Office of the OSCE, the Contact Group countries and the other Parties.

The Republic of Serbia, as the continuing State of the former State Union of Serbia and Montenegro, and the Republic of Montenegro, as successor with reference to its part of the territory within the area of application, have agreed in particular that the numerical limitations of the former Federal Republic of Yugoslavia/State Union of Serbia and Montenegro shall be divided between the two Republics. The total of numerical limitations for the two contracting Parties shall not exceed the total limitations as set forth in Article IV of the Agreement for the Federal Republic of Yugoslavia.

Both contracting States expressed their commitment to further consistent implementation of the Agreement on Sub-Regional Arms Control and to improvement of arms control measures aimed at transparency and confidence-building.

The Sub-Regional Consultative Commission (SRCC), at its meeting held on 25 and 26 October 2007, took the decision required in order to reflect the new entitlements contained in the bilateral agreement in the multilateral context of the Article IV Agreement. In particular, it was decided that a formal amendment to the Agreement should be signed by the four Parties at government level.

After that, the new ceilings will be officially in force. The formal amendment will be legally binding and the territorial scope of the Article IV Agreement, its object and purpose and the changes in the situation resulting from the separation were the elements which had to be taken into account by the successor States and by all the Parties, based on the Vienna Convention on Succession of States in respect of Treaties.

Until the formal amendment enters into force, the Republic of Serbia and the Republic of Montenegro have agreed to comply with the limitations contained in the bilateral Agreement. During the interim period, they have also agreed to take the measures necessary to ensure that the purposes of the Article IV Agreement are satisfied.

— First inspection in the Republic of Montenegro

The first training inspection on the territory of the Republic of Montenegro, as the fourth acting Party to the Article IV Agreement, took place on the first anniversary of the country's independence day, 21 May 2007.

A multinational inspection team led by BiH, supported in addition by one inspector from Serbia and one from Croatia and accompanied by two OSCE assistants, conducted an Article IV inspection. After the standard procedure at the point of entry, the Montenegrin escort team participated in a comprehensive training session on various aspects and protocols of the Agreement provided by members of the inspecting Parties as well as the OSCE assistants.

On the following day, the verification regime was implemented at the military site in Podgorica, with the result that the Montenegrin escort team made a strong effort to provide the requested data and information regarding the site. This was followed by the practical inspection, which was completed successfully.

(c) Implementation of the 2007 inspection regime

The inspection was conducted as prepared by the office of the Personal Representative and as agreed by the Parties. Once more, the activities were conducted without problems in an environment of trust, openness and transparency.

The implementation of the Article IV Agreement of the Dayton Peace Accords is working very well. It relies on two pillars, the exchange of information and notifications and the verification regime. In 2007, the Parties accepted an inspection plan comprising 20 inspections. Up to 10 November 2007, 16 on-site inspections had been conducted by the Parties, each supported by OSCE assistants. Neither significant nor major problems occurred

during the inspection missions. All acting Parties to the Agreement demonstrated their willingness to fulfil their obligations in openness and transparency and carried out the inspections in a truly professional manner, in full compliance with the spirit of the Agreement.

During the reporting period, all the Parties to the Agreement were involved in an ongoing process of restructuring and reorganization of their Armed Forces. Consequently, armaments limited by the Agreement (ALA) continued to be voluntarily reduced by destruction, even after the end of the reduction period.

In particular, in 2007:

- Bosnia and Herzegovina destroyed 35 items of heavy artillery systems;
- Serbia destroyed five battle tanks and one armoured combat vehicle;
- Montenegro destroyed all the notified 61 battle tanks. This is the result of the common engagement of UNDP, the OSCE and the Government of Montenegro within the so-called MONDEM Project.

Further reductions by all the Parties are expected in the future. It is important to report that, since the implementation of the Agreement, in total, including the 2007 reductions, the Parties have reduced nearly 8,900 items of heavy weaponry.

(d) OSCE Communications Network, integrated notification application (INA)

The Parties agreed to develop and accept a joint statement by which the use of the OSCE INA communication network was accepted for the Article IV exchange of information and notifications.

In order to harmonize the exchange of information, documents and notifications, using the English language, the Parties agreed to adopt common software provided by the OSCE. This issue is close to finalization, with integration of the Parties to Article IV into the existing OSCE Network, to which they are, among other things, also linked for purposes of reporting in respect of the Vienna Document 1999 and the Open Skies Treaty.

(e) Update of the Article IV Agreement

An updated version of the Agreement on Sub-Regional Arms Control under the chairmanship of the Republic of Serbia is being prepared and may be finalized during the Review Conference in 2008.

This topic was first discussed at the 37th SRCC meeting in Opatija in March 2007. The Parties agreed on holding extraordinary meetings of the SRCC permanent working group under the chairmanship of the Republic of Serbia to update the Agreement on Sub-Regional Arms Control.

So far, the working group has met three times, in May, June and July 2007. The experts evaluated and verified all the decisions taken since the beginning of implementation

in 1996 for accuracy, correctness and legal validity, taking into account the languages of the Parties and the English language.

My office took a leading role in compiling all the former SRCC decisions since 1996. The aim is for the experts to devise a working copy of the Agreement with the legally binding formal amendments and with all other relevant politically binding decisions and bring them together in an editorial round-up to update the Agreement.

This has been an intensive and challenging project under the chairmanship of the Republic of Serbia, and some more time will be needed to complete it. We assume that the process will be finalized and consolidated in time for the sixth Conference to Review the Agreement, planned to take place in June 2008.

3. Conclusions

All the aforementioned results demonstrate, once again, the progress achieved and the common understanding of the now four acting Parties (Bosnia and Herzegovina, Republic of Croatia, Republic of Montenegro, and Republic of Serbia), with special regard to the political will to fulfil their obligations.

From the political strategy point of view, one of the most important aspects of the Agreement on Sub-Regional Arms Control, as part of the Dayton Peace Accords, is that, in promoting stability and assisting the development of friendly and co-operative relations among Parties, it continues to represent a fundamental contribution towards building a bridge between the countries of the region and the Euro-Atlantic institutions. Today, also thanks to the ongoing successful implementation of Article IV, all the four Parties to the Agreement are officially part of NATO's Partnership for Peace programme. Moreover, it helps them on the way toward their accession to the EU.

For all these reasons, the Contact Group countries have recommended to me that it is essential that assistance to the Parties, which contributes to the stability of the entire subregion, should continue. The Article IV Agreement should be considered by the Parties as a model for co-operation in the subregion in other sectors where situations are not developing in the same spirit. This is the moment to exploit its success in order hopefully to improve the regional situation in other fields as well. Then, in the light of further positive developments in the region, more ownership for implementation could be transferred to the Parties themselves, taking into account the responsibilities of the international community and the OSCE.

The last two years have been a successful period with respect to the results that have been achieved in the implementation of the Agreement. This is evidenced not only by the good job done by the staff of the Personal Representative's office, but also by the synergistic support provided by the OSCE delegations, and particularly the 26 delegations sending assistants that are so actively engaged in the Article IV inspection regime,.

In particular, I would like to mention:

- The continuous support coming from the OSCE Mission to Bosnia and Herzegovina in Sarajevo, specifically its Department of Security Co-operation;

- The OSCE Mission to Montenegro in Podgorica, which actively supported me and my staff in establishing a good rapport with the Montenegrin authorities;
- The six countries of the Contact Group: France, Germany, Italy, the Russian Federation, the UK and the USA, which continue to provide valuable support and guidance, and which made my job much easier;
- The rotating OSCE Chairmanships, which continued placing their confidence in the Personal Representative as a strong supporter of the stability process in the subregion.

4. The way ahead

The Agreement on Sub-regional Arms Control has been tailored on the model of the CFE Treaty.

The international community is working on the new arms control agreement, the Adapted CFE Treaty, which foresees the participation of the States Parties as individual countries, and no longer as countries belonging to confronting blocks.

It is more than rational and reasonable that, once the Adapted CFE Treaty has been accepted and ratified by the 30 States Parties, the Parties to the Article IV Agreement will most likely join the new agreement in a way to be defined according to the new requirements and whenever the political situation permits.