

**REPORT to the 17th OSCE Ministerial Council
Implementation of the Agreement
on Sub-Regional Arms Control
(Article IV, Annex 1-B, Dayton Peace Accords)**

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The Article IV Agreement was signed in 1996 in the context of those measures that were elaborated under the Dayton Peace Accords in order to creating a stable peace in the region. Its main scope is to achieve and maintain balanced and stable defence force levels in the sub-region in terms of holdings of heavy weapons and personnel. In short, the Agreement provides the legal framework for conducting an intrusive arms control inspection regime in military bases and installations within the area of application.

The Personal Representative of the OSCE Chairman-in-Office and his small staff is charged with assisting the Parties in the implementation and verification of the agreed arms control measures. 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.

Nowadays, four Parties: Bosnia and Herzegovina, Montenegro, the Republic of Croatia and the Republic of Serbia are involved in this sub-regional arms control accord.

The aim of this report is to highlight the most important developments of the last operational year since the last report in Helsinki in December 2008:

- as for the verification measures, the Parties approved a substantial Inspection Plan for the year 2009. The program is punctually on the run and continues to proceed smoothly, without any problem in the field.

Since the Agreement was signed in 1996, a total number of 621 regular inspections and 129 reduction inspections/visits have been successfully accomplished by 15 November 2009. These activities have been carried out by the contribution of 1098 international assistants voluntarily provided by 29 OSCE supporting countries.

- an important aspect to recall is the Parties' confirmation of the trend to further downsize their military manpower. It is worth noting that, according to the military information exchanges, the dimensions of the Parties' armed forces have continuously decreased and can no longer be compared with those of 1996. Military manpower is now far below the statements on voluntary limitations as declared by the Parties when the Agreement was signed on 14 June 1996 in Florence, Italy.;

- on the occasion of the 41st Sub-Regional Consultative Commission (SRCC) held in Montenegro in October 2008, the signatures of the formal amendments to the Agreement for Montenegro as successor in territory and as the fourth Party to the Agreement took place;

- by reason of the positive implementation of the Agreement, the Parties agreed to reduce the number of the Sub-Regional Consultative Commission's meetings from 3 to 2 per year, resulting in a significant saving of financial resources both for the OSCE and the Parties themselves;

- in February 2009, a photo exhibition on the implementation of the Article IV Agreement was organized at Hofburg in Vienna. It was a good opportunity to celebrate the 300th inspection mission that was conducted in Bosnia and Herzegovina in September 2008. The exhibition was a success and the Parties expressed their enthusiasm and appreciation for an initiative aimed at making the public more aware of the contents of the Agreement;
- in March 2009 the yearly analysis of the 2008 inspection regime and of the exchange of military information submitted by the Parties at the 2008 Data Exchange Meeting revealed an absolute adherence to the dictates of the Agreement and a correct implementation of the related activities;
- an important step ahead is the adoption of the Integrated Notification Application (INA) of the OSCE Communication Network for the exchange of information and notifications between the Parties starting obligatory from 01 January 2009. Once fully operational, this system will lead to a reduction of the operational costs and facilitate the efficient and secure exchange of information between the Parties and with the OSCE;
- in connection with the implementation of Dayton INA and with the aim to further integrate the Parties' verification centres into the OSCE network, a program for the adoption of the Dayton Automated Data System (ADS) for the Parties' annual exchange of military information is under development;
- three important documents have been finalized in 2008/2009: an "Updated Version" of the Agreement incorporating the decisions of the commission in form of an addendum, a "Historical Compendium", that highlights the most important events in the history of the Agreement, and a "Handbook", an useful manual to facilitate the direct work of the inspectors and escorts in the field and used as well as practical working material for staff personnel;
- an issue that deserves to be mentioned is the process launched by the Parties of developing new voluntary reduction procedures after the end of the reduction phases for the irreversible use of armaments for military purposes. The aim of the project is to elaborate new procedures less expensive and time consuming than the procedures in the official Protocol of Reduction attached to the Agreement. At this regard, it is worth noting that the Parties have so far reduced the impressive number of 9228 pieces of heavy weapons. Furthermore, they continue to voluntarily notify and verify the reduction of their heavy weapons even though their current holdings are far below the numerical limitations.

In conclusion, from the technical point of view, the implementation of the Article IV Agreement continues to be conducted in full respect of the agreed measures. The Parties are to be congratulated for the remarkable success that they have achieved during the last year of implementation.

Now, the most relevant developments from **the political point of view**.

In a scenario where the military stability of the sub-region is generally improving, the OSCE international community encourages the Parties to strengthen their own voice in the execution of the Agreement with a view to their gradual attainment of full autonomy. This trend is an implicit recognition to the Parties of the good level of transparency and military cooperation that has been reached in the course of the last 13 years in the military field and it is in line

with the regional trend towards more ownership that interests also other fields of action in the southern European region.

In their final document of the last Review Conference, that was held in Vienna in July 2008, the Parties reaffirmed their commitment to continue the implementation of the Agreement. Furthermore, they expressed their readiness to explore, with the assistance of the Personal Representative, the modalities to further strengthening their ownership over its implementation.

In this framework, the Office of the Personal Representative has elaborated a two-phased ownership plan. The 1st Phase aims at transferring some technical functions, which currently are provided by the Office of the Personal Representative, to the Parties in the medium term. The 2nd Phase aims at arranging the necessary measures in order to be prepared to transfer full autonomy to the Parties in the following years, when the situation is considered mature.

On the occasion of the last report of the Personal Representative to the Permanent Council, the ownership process and the two-phased plan was supported by the EU and associated countries, USA and Russia, with the recommendation to proceed gradually and in close cooperation with the Parties.

On the ownership issue, the Office of the Personal Representative is working in close connection to the Contact Group countries' representatives. In a letter the Contact Group countries sent to the Personal Representative recently, they expressed the opinion that the two-phased ownership plan represents a good basis to proceed with the process. They share the same view that a gradual approach is necessary, taking into account the capabilities and clear desires of each Party.

Furthermore, subject to further periodical evaluation, the Contact Group countries support the opinion that the end of 2011 could be envisaged as a milestone to achieve the medium term goal of the 1st Phase of the process. Then, in light of further improvements of stability and security in the region, full responsibility for the implementation of the Agreement could be transferred to the Parties themselves in the following years when the political situation will be considered mature.

Also the Parties confirmed that their countries are ready to continue taking more responsibilities to implement the Art. IV Agreement and underlined the necessity to proceed with gradualism. Their reservations are substantially related to technical and especially financial limitations.

In the course of the 43rd meeting of the Sub-Regional Consultative Commission which took place in Novi Sad, Serbia from 3 to 4 November, the Parties agreed on the two-phased Ownership plan proposed by the Personal Representative as well as on the recommendation of the Contact Group countries. They shared the view that the plan and its gradual approach represents a good basis to proceed with the process and approved an Action Plan to take over the new responsibilities.

The Personal Representative will continue working together with the Parties for the transferring of the new obligations.

In conclusion, some **final considerations**.

The Article IV Agreement is largely recognized to be a successful story. Thanks to its implementation the Parties have had and continue to have the opportunity to develop transparency, confidence and friendship in the military arena.

The Article IV arms control experiment is a model for a regional solution and has been, so far, a unique regional success.

Nowadays, the southern European region is still witnessing some criticalities in some fields and in particular in some countries, but its military stability can be considered indisputably solid and uncompromised. This result is also the effect of an arms control agreement that in

the course of the last 13 years has proved its worth, producing excellent results and contributing to the improvements of a military situation in such an extent that can no longer be compared to the situation in the late 1990s.

Today, also thanks to the successful implementation of the Article IV Agreement, the Parties are advancing, although at different speed, towards the full European or Euro-Atlantic integration. All of them have signed the EU Stabilisation and Association Agreement, while Croatia has already obtained the candidate status, and all of them are in the NATO Partnership for Peace Program, while Croatia is already a NATO member since April this year.

In this scenario, Article IV continues to be an invaluable system that has to be safeguarded and supported by the international community as an example of an efficient and constructive approach to contribute solving multilateral issues. Thanks to this Agreement, the southern European region has set an example as far as arms control and disarmament in a post-conflict situation are concerned. Certainly, one of the reasons why the Dayton Peace Accords, especially their arms control regime, have been so successful is that the Parties had the political will to implement the Agreement and secondly that the international community stood behind this process and the Parties directly concerned were not left alone.

As for the long-term perspectives, the Article IV Agreement will continue to play a useful role in maintaining military stability in South Eastern Europe notwithstanding full membership of all the Parties to European or Euro-Atlantic structures, the results of discussions on the future of the CFE regime, or other relevant developments.

Financially speaking, the Office of the Personal Representative strained its efficiency with regard to the budget. In the course of the last 6 years it has been consistently reduced to approximately 60% of its former size. The small budget available today, compared to the tremendous achievements of this program, confirms that the support provided by the OSCE represents a formidable investment for the community and reinforces the opinion that the strong relations between the OSCE and the Parties, that so far have produced such important results, should continue for a reasonable period of time.