

**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 SUB-REGIONAL ARMS CONTROL (ARTICLE
IV, ANNEX 1-B, DAYTON PEACE ACCORDS)**

1 January to 30 November 2004

Introductory remarks

This year has seen substantive and very positive changes in South Eastern Europe.

First, the on-going new defence reforms initiatives in Bosnia and Herzegovina are steadily easing the country toward European integration and the Partnership for Peace Programme.

Secondly, the Parties to Article II of Annex 1-B of the Dayton Peace Accords on 28 September decided to terminate the Agreement.

Thirdly, the Parties to the Article IV Agreement continued implementing the arms control process in the subregion and eased the two inspections organized and conducted by the State-level verification centre of Bosnia and Herzegovina.

All the aforementioned processes were achieved in a general environment of trust, openness and transparency.

Section I: Implementation

Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina (Article II of Annex 1-B, Dayton Peace Accords)

The most important event that occurred during this period was the decision taken in Sarajevo on 28 September 2004 by the Parties, at the 44th meeting of the Joint Consultative Commission (JCC), to terminate the Article II Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina.

On that occasion, the Parties, taking into account the implementation of the Defence Law in Bosnia and Herzegovina that has brought about a single defence establishment and the formal decisions taken by the Council of Ministers of Bosnia and Herzegovina, as well as those taken by the government of the Federation of Bosnia and Herzegovina and the government of Republika Srpska, agreed on the termination of the

Agreement on the grounds that they considered its provisions to have been fully implemented.

The results achieved before the termination of the Agreement will be highlighted in the following paragraphs.

1. Meetings. The Parties met three times this year and, on 14-16 June, held the fifth conference to review the implementation of the Agreement, in Vienna. On this occasion, the Parties, after noting the exceptional progress made in the implementation of the confidence- and security-building measures, and in consideration of the results achieved, decided to voluntarily cease the implementation of many measures and annexes of Article II. They finally agreed to suspend its provisions permanently after the JCC meeting scheduled for 28 September 2004 in Sarajevo.

2. Inspections/visits to weapons manufacturing facilities. Four inspections were conducted during the first half of the year, of which two were led by the OSCE. Six OSCE countries contributed by either leading inspection teams or providing experts. Two visits took place to weapons manufacturing facilities. On the whole, the inspection regime was implemented regularly and professionally.

3. Annual exchange of information. Remarkable improvements were made in the annual information exchanges documents.

4. Voluntary measures. The Parties were actively engaged in voluntary programmes. Listed below are some of the more important activities that took place in the past year:

A. Code of Conduct. Germany provided experts who conducted two Code of Conduct seminars for junior and mid-level officers from the two entities. A substantial increase was noted in the active participation of the attendees and the level of interest they demonstrated.

B. Joint field training exercise. A successful joint field training exercise was conducted in the northern part of Bosnia and Herzegovina along the inter-entity boundary line (IEBL). The goal of this exercise was to test the ability of the armed forces to provide military assistance and equipment to civil protection authorities and organizations in order to manage a crisis situation.

Joint fire-fighting events, demining operations, search and rescue flights, and aerial observation flights were performed as part of the exercise scenario prepared by a special working group including local and OSCE experts.

The exercise terminated with a joint event featuring the armed forces building a ferry over the Bosna River in order to evacuate endangered civilian populations.

This exercise was the first opportunity for the newly appointed Bosnia and Herzegovina Minister of Defence, Mr. Radovanovic, to demonstrate the progress that has been achieved in CSBMs.

C. Seminar on international law. This seminar was held in Munich, Germany, and was well attended by a number of battalion commanders, medium-rank officers and key individuals of the military general staffs of both entities. The Deputy Consul of Croatia in Munich, General Radovanovic, on behalf of the Delegation of Republic of the Serbia and Montenegro, and the Military Adviser to the Delegation of Bosnia and Herzegovina enhanced the importance of the seminar through their attendance.

5. Summary. Implementation of the Protocol on Verification and the Exchange of Information and Notifications continued flawlessly until the termination of the Agreement. The results achieved really justify this outstanding process. Nevertheless, the termination of the Agreement will not preclude any of the Parties from agreeing to the voluntary continuation of any measure previously included in or associated with the Agreement.

Agreement on Sub-Regional Arms Control (Article IV of Annex 1-B, Dayton Peace Accords)

1. Meetings. The Parties met on three occasions this year and held the fourth Review Conference provided for in the Agreement. During this Conference, key decisions were taken that finally resolved a number of issues concerning exempted equipment. The Parties should be congratulated on taking these important decisions and closing the “loopholes” that allowed them to have, in effect, large numbers of items of equipment above the ceilings. The members of the Sub-Regional Consultative Commission (SRCC) have been able to resolve issues within the Agreement on Sub-Regional Arms Control that remain unresolved in a similar conventional arms control regime.

In accordance with SRCC decision 1/26, a special agreement was reached on the reduction of armaments exempted for research and development to a maximum of 5% of each category limited by Article IV by the end of 2004. Progress has been made on armaments held in the internal security forces.

2. Inspections. All inspections have been conducted as scheduled. A total 13 inspections were conducted by the Parties. Twenty-eight OSCE countries contributed by providing experts either for the inspections or for the escort teams. I personally took part in the two inspections conducted by a Bosnia and Herzegovina team in Croatia (in July) and Serbia and Montenegro (in September). On those occasions I had the opportunity to verify “on the spot” the feelings which animate the representatives of the Parties’ verification centres. I have been very satisfied with the results achieved and I therefore warmly encourage the Parties to continue in this direction next year, conducting inspections in the same spirit of co-operation and transparency.

3. Annual exchange of information. The quality of the annual information exchanges has reached a high standard, and mid-year updates were provided by the Parties due to the continuous process of restructuring the armed forces.

4. Reduction of weapons. Republika Srpska, as a follow-on of the decisions taken during the previous SRCC meetings, complied with the reduction by severing certain armaments limited by the Agreement declared as decommissioned exemptions and other armaments declared under research and development. In addition, some armoured combat vehicles belonging to internal security forces were also reduced.

5. Summary. On the whole, the Article IV Agreement has been fully implemented, also including the inspections conducted by Bosnia and Herzegovina.

Section II: Future activities

Agreement on Sub-Regional Arms Control

On 1 January 1999, the Parties assumed chairmanship of the Commission, the body with oversight responsibility for the Agreement on Sub-Regional Arms Control. At that point, the OSCE, through the Personal Representative, took on a more advisory role, to include “secretariat” responsibilities. Subsequently, at the 21st meeting of the Commission, the Parties decided to hold meetings on their respective territories, thus ending the long-standing tradition of holding meetings in Vienna.

Since then, the Parties have shown steady improvement with regard to implementation of the Agreement. Each year, the information exchanges have improved with respect to presentation and content. This is indeed a remarkable achievement, considering the aggressive restructuring of the armed forces that has been taking place, the number of military installations that have subsequently been closed and the large number of military personnel who have been retired or demobilized.

With all this in mind, I am consulting with a number of OSCE delegations to develop a long-term strategy consistent with the overall strategy within the region, namely, giving the Parties ownership of this process and “streamlining” the role, presence and responsibility of the international community. Ownership, within the confines of the Article IV Agreement, has been achieved. The role of the OSCE within this regime is fundamental for the development of the entire process and as Personal Representative I retain responsibility for the implementation and training policy, for co-ordination of the inspections and for the participation of OSCE assistants in the inspection activities.

Section III: Conclusions

The Parties to the Agreement on CSBM in Bosnia and Herzegovina achieved a monumental success in terminating the provisions of Article II of Annex 1-B of the

Dayton Peace Accords. This result represents a huge stride towards completion of the normalization process in the subregion.

On the other hand, the continuous and successful implementation of the Article IV provisions will greatly contribute to the stabilization and normalization process in the subregion, realizing, *inter alia*, the prerequisites for the full and complete participation of the countries in the international community.

This process will certainly be eased by the international community itself and/or through the provision by the OSCE of continuous expertise and support to the Parties.

In this regard and in accordance with the role of the Personal Representative of the Chairman-in-Office for Article IV, my office will continue to provide the Parties with guidance and technical support for implementing the inspection regime and analysis and expertise for managing the annual information exchanges.