

**REPORT TO THE PERMANENT COUNCIL
Implementation of the Agreement
on Sub-Regional Arms Control
(Article IV, Annex 1-B, Dayton Peace Accords)**

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Mme Chairwoman, distinguished Ambassadors, ladies and gentlemen.

Today, it is a great pleasure for me to provide you an update on the most relevant activities on the implementation of the Agreement on Sub-Regional Arms Control also known as the Article IV or the Florence Agreement.

Without reverting to the basic content of the Dayton Peace Accords and particular to its Annex 1 B, which I am confident, is very well known to the audience, I would like to point out some short notes about my mandate.

The Article IV Agreement was signed in 1996 in the context of those measures that were elaborated in order to rebuild peace and stability in the aftermath of a bloody war.

Its main scope is to achieve and maintain balanced and stable defence force levels in the sub-region in terms of numerical limits of heavy weapons and voluntary limitations on military manpower. 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 main task of the Personal Representative is to assist 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 principal aim of this report is to highlight the developments of the last operational year. Although it is hard to recall all of the important issues that have been dealt with since my last report allow me to highlight the most relevant ones:

- first of all, I can't help recalling the overall results of our activities in terms of verification measures. In the course of the last Sub-Regional Consultative Commission (SRCC) meeting that was held in March in Croatia, the Parties approved a substantial inspection plan for the year 2009 encompassing 18

inspection missions. It is important to underline that the Parties agreed to voluntarily augment the number of inspections to be carried out. Again, this result was a strong sign of cooperation between the Parties and confirms their willingness to facilitate a smooth and balanced inspection regime in the field.

As a consequence, the inspection program 2009 is punctually on the run and everything is proceeding in the best way. Just for your information, since the Agreement was signed in 1996 a total number of 616 inspections including 129 reduction inspections/visits have been successfully accomplished.

As usual, these activities have been carried out with the assistance of international assistants voluntarily provided by 29 OSCE supporting countries. The total number of international assistants employed in these inspection activities since the beginning of the program is 1066.

Again, no significant or major problematic issues have occurred during the implementation in the field and the process continues to run smoothly, with a constant change for the better;

- another 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. In the same way, the number of Objects of Inspection has substantially decreased. Military manpower is now far below the statements on voluntary limitations declared by the Parties in Florence in 1996, and the Parties have agreed to make new statements in the forthcoming period;
- on the occasion of the 41st SRCC held in Montenegro in October 2008, the signatures of the formal amendments to the Agreement for the official accession of Montenegro as the fourth party to the Agreement took place. Even though Montenegro has been voluntarily subject to the inspection regime since May 2007, the signatures of this important legally binding document represent the official and formal accession of the country in our multilateral Agreement. At this regard, I have sincerely appreciated the tremendous job performed by all the Delegations and in particular by the Republic of Serbia and by Montenegro in order to complete the process;
- other relevant aspects to recall are the fruitful analysis and discussions carried out during the meetings at Sub-Regional Consultative Commission level. The SRCC is the Parties' political and consultative decision making body where the fulfilment of the obligations arising from the agreed measures is periodically discussed and verified. The agenda of this body is prepared by experts who usually meet in the Permanent Working Group format at least one month before each regular SRCC.

I would like to remind you that last year, by reason of the positive implementation of the Agreement, the Parties agreed to reduce the number of the SRCC meetings from 3 to 2 per year. This reorganization resulted in a significant saving of financial resources both for the OSCE and the Parties themselves;

-in February 2009 my office organized in close cooperation with the Parties a photo exhibition on the implementation of the Art. IV Agreement at Hofburg. It was a good opportunity to celebrate the 300th 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. The Parties are now taking into consideration the possibility to replicate the event in their respective capitals, so that their local public can be informed on the positive results of the sub-regional cooperation in this particular area of intervention of the Dayton Peace Accords;

- in March 2009 my staff presented an analysis of the 2008 inspection regime and an assessment of the military information submitted by the Parties at the last Annual Data Exchange Meeting. Once again, an absolute adherence to the dictates of the Agreement and a correct implementation of the related activities was observed;

-another important step is the obligatory adoption of the OSCE Communication Network and of the Dayton Integrated Notification Application (INA) for the exchange of information and notifications starting from 01 January 2009. You will remember that in 2008 my office asked for an extra budget in order to complete this project, whose scope is to facilitate and speed up the exchange of notifications and military information using the English language.

Once fully operational, the new 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. Now, the Parties intend to establish a Working Group that with the support of my office will periodically meet in Vienna in order to further improve the Dayton INA software.

In connection with the implementation of Dayton INA and with the aim to further integrate the Parties' verification centres into the OSCE network, my office is also working on the possibility for the Parties to adopt the Dayton Automated Data System (ADS) for the annual exchange of military information. We are working on this initiative in close cooperation with the experts in the CPC;

-another relevant point to highlight during this year of activity is the finalization of three important documents which will be very useful for the future

implementation of the Agreement. I am referring to the “Updated Version” of the Agreement, a working document that will facilitate the consultation and the insertion of future amendments and decisions, the “Historical Compendium” that provides general information and highlights the most important events in the history of the Agreement and the “Handbook” that is a useful manual to facilitate the direct work of the inspectors and escorts in the field. The documents were developed in close cooperation with the Parties and were distributed by my office with some support from the Department of Security and Cooperation of the OSCE Mission in Bosnia and Herzegovina. The Parties expressed their satisfaction with the conclusion of these three long lasting activities;

-another issue that deserves to be mentioned is the process launched by the Parties, and still under way, of developing new voluntary reduction procedures for the irreversible use of armaments for military purposes. The aim of this project is to elaborate new procedures less expensive and time consuming than the procedures reported 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 9054 pieces of heavy weapons. Furthermore, the Parties continue to voluntarily notify their disposals for the reduction of their weapons even though their current holdings are far below the declared ceilings and even though the official reduction period is over. Additionally, the Parties decided that notified reductions awaiting disposals can be verified.

In conclusion, from the technical point of view, the implementation of the Art. IV Agreement is on the right track and continues to be conducted in full respect of the agreed measures. I would like to congratulate the Parties for the remarkable success that they have achieved during this year of implementation. Once more, they have done a great job and once again, thanks to their commitment and professionalism the implementation of the Agreement continues to proceed at great speed and without problems. All these technical results are the best proof of this effectiveness and are another excellent demonstration of the solid cooperation among the Parties.

Now, allow me to highlight 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 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 toward 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, my office is in the process of identifying new means and ways to gradually reach the declared goal. In particular, we are working on a two-phased ownership plan. The 1st Phase aims at transferring some technical functions, which currently are provided by my office with the support of the Department of Security and Co-operation (DSC) of the OSCE Mission in Bosnia and Herzegovina, 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.

During the last SRCC in March and on the occasion of a series of consultations I had with the Parties during my last trip to the capitals in July, we started an evaluation of those functions which could be taken over by them with their own resources. The Parties confirmed that their countries were ready to continue taking more responsibilities to implement the Art. IV Agreement but underlined the necessity to proceed with gradualism. Their reservations are substantially related to several technical and especially financial limitations of their verification centers which are supposed to take over the new functions.

Thus, the evaluation is ongoing and the proposals will be subject to further discussions in the course of the next meetings.

On this issue, I am working in close connection to the Contact Group countries' representatives, who represent my policy board and with whom I periodically meet to share views and perspectives and for political recommendations.

In conclusion, allow me to present 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. It has not only survived the merger of the entities' armed forces in BiH as well as the split of one of its signatories, but also a major armed conflict in which one party was involved.

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, we can affirm that also thanks to the successful implementation of the Article IV Agreement, the Parties are advancing, although at different speed, towards the full 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 international community stood behind the process all along and that, in shaping the region's future, the Parties directly concerned were not left to their own devices.

In the medium terms, the ownership process will proceed with gradualism, taking into account the overall political situation in the sub-region, the internal political situation of each country Party to the Agreement and, not least, the expectations of the Parties themselves.

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 as long as the pertinent States do not have the chance to gain a New Security System in Europe or all the Parties have reached full membership in the Euro-Atlantic structures.

Financially speaking, I am proud to report that my office 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.

In conclusion, allow me to express my thanks to the OSCE Chairmanship, the 29 delegations providing assistants in the field, the OSCE mission in Sarajevo, and the Contact Group Countries for the invaluable support they continue to extend to my office, and in particular to Germany and Italy for continuing to provide me with staff officers.

Thank you for your attention. Thank you, Mme Chairwoman.